Quiet revolution

EBRD repairs the damage

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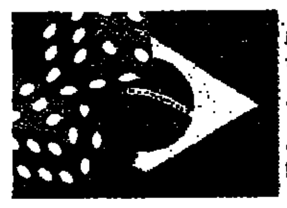

Changing currency

Brazil takes a gamble on the Urv

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Deflated but not punctured

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The Asian way: Confucius or confusion

FINANCIAL TIMES

Europe's Business Newspaper — FRIDAY MARCH 4 1994 — D8523A

UK cabinet split by UN call for extra troops

Britain held out the possibility that it might send more troops to Bosnia after the United Nations called on the international community to almost double its forces in the former Yugoslav province. But amid signs of a cabinet split and fears of a backlash on the Conservative backbenches, it rejected a request from General Sir Michael Rose, the UN commander in Bosnia, for immediate reinforcement of Britain's 2,500 troops. Page 18

Markets recover: European stock markets made a muted recovery from the previous day's sharp falls, ending below their highs after the Bundesbank left its key lending rates unchanged. Bundesbank's faith in M3 creates schism, Page 2; World stocks, Page 38; London stocks, Page 31

Russia cuts Ukraine's gas supply: Russia has started cutting gas supplies to Ukraine, saying the country owes Russian monopoly gas supplier Gasprom Rbs1,500bn ($900m). About 95 per cent of Russian gas exports to western Europe pass through Ukraine. Page 2

Greece to sell telecoms stake: Greece's socialist government hopes to raise Dr250bn ($988m) through the sale of a 25 per cent stake in state telecommunications company OTE. Page 18; BT chairman assails curbs on ownership, Page 3; BT looks abroad for video trials, Page 7

Hopes of HK airport settlement rise: The prospect of a settlement to Britain and China's dispute about financing Hong Kong's new airport brightened after what British officials described as "useful and constructive" talks. Page 5

Seoul suspends exercise with US: South Korea conditionally suspended its annual Team Spirit military exercise with the US in response to North Korea's acceptance of international nuclear inspections. Page 5

Republicans unlikely to make gains: The US Republican party may find it hard to make gains in this year's mid-term elections, an opinion poll for the Washington Post and ABC News said. Page 4

Ladbroke profits reach £62m: The new management of the Ladbroke hotels, UK betting and do-it-yourself group reported annual pre-tax profits of £62.1m ($90.7m) compared with £5.2m in 1992, after much lower exceptional charges. Page 19; Lex, Page 18

Associated British Ports, the UK's largest ports group, reported annual pre-tax profits of £62.1m ($90.7m) and said it was attracting an increasing amount of trans-shipment business. Page 21; Lex, Page 18

Israel pressed to protect Palestinians: Israel came under international pressure to meet demands for greater protection of Palestinians living under military occupation. Page 5

India's exports up 21%: India's exports surged 21.41 per cent to $17.8bn in the 10 months to January this year, while imports rose only 0.68 per cent to $18.38bn. Page 5; Editorial Comment, Page 17

University intakes likely to rise: Universities in England will admit slightly more new students this year than they did in 1993, despite government plans to cut intake by 3.5 per cent. Page 7; Editorial Comment, Page 17

Lloyds gives way on cheque clearing: Lloyds became the last of the big four UK clearing banks to say that it would cut the time before it pays interest on a cheque paid into a personal account from three days to two. The move follows a campaign from the consumer lobby. Page 6

Reward demanded over Munch painting: Norway's culture minister said a man had offered to arrange the return of Edvard Munch's painting "The Scream", stolen last month from the National Gallery in Oslo, for a reward of more than $1m.

Can **Europe** Compete?

The shifting battleground of financial services — Page 8

An 80-page paperback containing all the articles in this series will be available later this month, at a price of £20 per copy. Cheques should be made payable to Financial Times Ltd and sent to John White, Marketing Department, Financial Times, 1 Southwark Bridge, London SE1 9HL.

STOCK MARKET INDICES

FT-SE 100:	3,246.5	(-1.6)
Yield	3.69	
FT-SE Eurotrack 100	1,414.65	(+21.05)
FT-SE-A All-Share	1,639.98	(-0.0%)
Nikkei	*19,605.86*	*(-138.91)*
New York: lunchtime		
Dow Jones Ind Ave	3,823.30	(-8.44)
S&P Composite	463.35	(-1.46)

US LUNCHTIME RATES

Federal Funds:	3¼%
3-mo Treas Bills: Yld	3.539%
Long Bond	92$\frac{17}{32}$
Yield	6.837%

LONDON MONEY

3-mo Interbank	5$\frac{5}{16}$%	(same)
Liffe long gilt future:	Mar 111¼	(Mar 111$\frac{15}{16}$)

NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$13.60	(13.66)

Gold

New York Comex (Apr)	$378.3	(378.9)
London	$377.3	(375.75)

STERLING

New York lunchtime:		
$	1.497	
London:		
$	1.495	(1.4953)
DM	2.5546	(2.5475)
FFr	8.6868	(8.6815)
SFr	2.1415	(2.139)
Y	155.572	(155.013)
£ Index	81.1	(81.0)

DOLLAR

New York lunchtime:		
DM	1.7075	
FFr	5.805	
SFr	1.4323	
Y	103.455	
London:		
DM	1.7088	(1.7037)
FFr	5.8196	(5.806)
SFr	1.4325	(1.4305)
Y	104.065	(103.67)
$ Index	66.1	(66.0)

Tokyo close Y 103.92

Austria	Sch32	Greece	Dr350	Lux	LFr65	Qatar	QR13.00
Bahrain	Din1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Ft185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	IKr215	Neth	Fl 4.00	Slovak Rp	KSL50
Cyprus	C£1.10	India	Rs60	Nigeria	Naira50	South Africa	R12.00
Czech Rp	CZK50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr16	Italy	L3000	Oman	OR1.50	Sweden	SKr16
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pso50	Syria	S£50.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Din1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Es225	Turkey	L13000
						UAE	Dh12.00

S African leaders may seek international mediation

By Patti Waldmeir in Durban and Michael Holman in London

Mr Nelson Mandela and Chief Mangosuthu Buthelezi appeared ready last night to seek international mediation to help break the political deadlock which threatens South Africa's all-race general election next month.

The African National Congress announced it had accepted the proposal to call in mediators, made by Chief Buthelezi, leader of the Inkatha Freedom party.

Any appeal for United Nations assistance is expected to get a positive response from Mr Boutros Boutros Ghali, UN secretary-general, who disclosed yesterday that he had written to the two leaders expressing "delight" at the outcome of their meeting this week that paved the way to last night's development.

President F.W. de Klerk, however, warned last night that he had "serious reservations about international intervention at this stage". The leader of the ruling National party told a meeting in Durban: "We cannot afford further delays. The sudden lackadaisical approach, not realising the importance of the moment, does not impress me at all."

It was not clear whether he would actually block a move which, if successful, could ease the growing tensions in the country and ease the path to a successful poll.

Chief Buthelezi is seeking what amounts to autonomy, if not full independence, for Natal, his party's stronghold. The ANC and the National party are prepared to concede Natal and other provincial assemblies limited powers.

Mr de Klerk said in parliament on Wednesday he had not been consulted about an agreement on mediation between Mr Mandela's ANC and Chief Buthelezi.

Details of the mediation proposal have not been agreed. The ANC has proposed a joint working group to "address the specifics and agree upon mutually acceptable terms of reference".

The ANC statement said it would contact Inkatha to discuss possible further meetings between Mr Mandela and Chief Buthelezi.

Leaders of the rightwing Freedom Alliance, a coalition of black and white parties including Inkatha, yesterday held out the prospect that they may today register for April's elections, reversing at least temporarily their decision to boycott the poll.

Alliance leaders refused to be drawn publicly on whether or not they would register before today's midnight deadline. But they said privately that they would do so if Inkatha goes ahead with registration as promised this week by Chief Buthelezi, and if the ANC accepts international mediation. "If mediation has started, I would recommend to the central committee that we start campaigning," Chief Buthelezi said in Cape Town.

Fund managers watch with bated breath, Page 5

Germany's engineering union votes for strike

By Quentin Peel in Hanover

Almost 40,000 engineering workers in the German state of Lower Saxony have voted in favour of a strike, union leaders announced yesterday, clearing the way for the first major conflict in the industry for a decade.

The engineering employers' federation, Gesamtmetall, called for an urgent meeting with IG Metall, the engineering workers' union, in a bid to prevent strikes from starting on Monday.

The national executive of the union will decide today in Frankfurt whether to accept the invitation or insist on a formal offer from the employers before returning to the negotiating table.

The overwhelming vote in Lower Saxony, where more than 92 per cent of the 41,000 eligible union members voted for strike action, gives the embattled IG Metall leadership useful ammunition in its efforts to wring an improved package on job security and wages out of the employers.

It was clear yesterday in Hanover, the state capital of Lower Saxony, that the union sees itself being dragged reluctantly into a full-scale conflict.

Mr Jürgen Peters, the chief union organiser in the state, said only some 10,000 of the union's members would be called out on Monday, and the companies chosen would if possible not include suppliers to the recession-struck motor industry. The union wishes to minimise the knock-on effects of the stoppage.

He said that if the employers were simply proposing new talks, without any proper offer, "it will not be worth our time.... The employers must give clear signals that these will be negotiations, not just talks."

Mr Hans-Joachim Gottschol, president of Gesamtmetall, proposed the direct talks with Mr Klaus Zwickel, the IG Metall leader, without any indication that new ideas were on offer.

He said both sides agreed that securing existing jobs was the highest priority for the industry, which has seen 30,000 redundancies a month during the past year. But he warned that it would not be good enough if peace was bought at the price of higher wage costs, which would simply lead to further job losses.

Mr Dieter Hundt, one of the employers' chief negotiators, said the plan was simply to take up the negotiations where they broke off three weeks ago. However, a Gesamtmetall official said there were plenty of ideas on areas of possible compromise, "but we cannot conduct negotiations on the open market place."

If the attempt to get both sides back together fails, IG Metall has a strategy of gradual escalation of the strike. If there is no movement within a week, a second strike ballot, in Hamburg, the coastal region and Schleswig-Holstein, will be held. If there is still no progress in a fortnight, the strike would be extended to those regions, with some 170,000 engineering workers.

The danger for the union is that the employers will seek to bring matters to a head more quickly, by locking out strikers.

The last full-scale engineering workers' strike, in 1984, lasted a month, and knocked 0.5 per cent off the annual growth rate of the German economy.

Reuter

United Nations officials Yasushi Akashi (left) and Gen Jean Cot call on the US, Britain and France to send more troops to Bosnia. Page 18

US legal step may result in trade sanctions, Hosokawa is warned

Clinton moves against Japan

By Nancy Dunne in Washington and William Dawkins in Tokyo

President Bill Clinton last night signed an executive order resurrecting the Super 301 provision of US trade law, which allows him to impose trade sanctions on Japan.

Mr Clinton telephoned Mr Morihiro Hosokawa, Japanese prime minister, to warn him of the move, which will intensify pressure on Japan to open its markets to imports.

The president, who has sought to bolster Mr Hosokawa's reform efforts even while putting him under pressure on trade, described the phone call as a "friendly, forthright discussion".

The renewal of Super 301, which has been under consideration since the failed Clinton-Hosokawa summit last month, requires the administration to list countries it considers to have unfair trade practices, and establishes a formal negotiating process of 12 to 18 months that may end in sanctions.

The US administration had sought to establish "quantitative and qualitative indicators" to measure Japan's progress in opening its markets. Mr Hosokawa refused to agree to those, fearing that the indicators would become commitments, which might result in trade sanctions if the targets were not met.

In a speech for delivery in New York ahead of the expected announcement yesterday, Mr Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, criticised US trade policy towards Japan as "misguided and dangerous", accusing Washington of putting the multilateral trading system at risk.

Mr Sutherland said that when any country stresses the bilateral approach rather than "the principles of the multilateral system, it runs the risk of weakening that system and the improvements in it that have been so painstakingly negotiated".

Japanese leaders warned of the dangers they saw in invoking the Super 301 provision. Mr Hideaki Kumano, vice-minister of international trade and industry, said: "Such a unilateral approach to solving trade disputes will result in a shrinkage of world trade," adding that "from the viewpoint of Gatt rules, a revival could be problematic". Japan has said it might lodge a complaint with Gatt.

Mr Hosokawa pledged that his government would now concentrate on the trade dispute and the ailing domestic economy. A wrangle within his seven-party

Continued on Page 18

Firm profits at Philips allow first dividend since 1990

By Ronald van de Krol in Eindhoven

Philips, the Dutch electronics group, swung firmly into profit last year, allowing the company to pay its first dividend since an extensive restructuring of the group was started in 1990.

Net profit excluding extraordinary items totalled Fl 856m ($441m), reversing the previous year's net loss of Fl 990m. Extraordinary gains of Fl 1.11bn, including a big profit on the sale of shares in a Japanese joint venture, boosted total net profit to Fl 1.97bn.

The sharp turnround was due mainly to cost-cutting and to a strong reduction in financing charges rather than to any vigorous improvement in overall market conditions. Philips reported growth in North America and Asia, but sales in Europe fell. Overall, turnover rose by 1 per cent to Fl 58.8bn.

The figures were at the top end of analysts' expectations, and Philips' shares closed nearly 9 per cent higher yesterday at Fl 50.

Commenting on the dividend of Fl 0.50, Mr Jan Timmer, president, said: "We hope the worst of the problems are behind us, that we have cautiously started on the road to recovery, and that we will again be able to pay a dividend on 1994 results."

The company is cautious about how much improvement it will see in 1994, and pressure on margins is expected to continue.

Mr Timmer said that most divisions either matched or improved on their results in spite of the difficult economic conditions in Europe. The biggest exception was Philips' communications systems division, which produced a loss because of reduced demand in Germany, its main market. That caused operating profit in the overall professional products sector to decline sharply to Fl 177m from Fl 663m.

Philips' single biggest business, consumer electronics, saw the first signs of recovery, with operating losses narrowing to just Fl 73m from Fl 653m. The sector would have returned to profit last year if it had not been for continued heavy losses at Grundig, Philips' German affiliate, the company said.

Financing charges dropped to Fl 1.04bn, a big decline from the previous year's Fl 1.78bn, reflecting lower debt and lower interest rates. Philips has now reached its target of having a debt-equity ratio of 40:60.

Philips also announced that Mr Floris Maljers, who will retire in May as chairman of Unilever NV, is to succeed Mr Wisse Dekker as chairman of Philips' supervisory board.

Germans hear the Philips riot act, Page 20

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هكذا من الأصل

Fear in Athens for health of nation

Illness among key government figures has become an obstacle to decision-making, writes **Kerin Hope**

President Constantine Karamanlis (left), Culture Minister Melina Mercouri and Prime Minister Andreas Papandreou are among those suffering from poor health

Greece's socialist government has a problem usually associated with the old communist regimes of eastern Europe: the weak health of several key players, among them the prime minister, Mr Andreas Papandreou, has become an obstacle to effective decision-making.

"Administrative delays are always a hurdle to getting anything done in Greece. It's compounded now because the prime minister and the economy minister can't stay at their desks as long as they should," says a senior government adviser.

Privatisation is a case in point, now that the rising budget deficit has forced the ruling Panhellenic Socialist Movement (Pasok) into an embarrassing reversal of its previous opposition to unbundling the state.

In addition to the plan for selling part of OTE, the state telecommunications monopoly, there is talk of disposing of a 15 per cent stake in the Public Power Corporation this year, through a convertible bond issue with a five- to seven-year maturity.

Decisions are needed quickly if the flotation and the bond issue are to be completed on schedule this year, given that both require extensive preparation in terms of passing enabling legislation and removing other procedural obstacles.

Offers from half a dozen *international merchant banks* to act as advisers or underwriters to the OTE flotation are being evaluated at the Economy Ministry. But officials there say the choice cannot be made without Mr Giorgos Gennimatas, the economy minister, who has terminal cancer and has been away from his desk for several weeks.

One banker said: "There's a communication gap, no feedback. There was an enthusiastic meeting with the minister some time back, then simply nothing happened."

Planning the sale requires tough decisions at an early stage on sorting out OTE's large pension obligations and auditing its books according to international standards.

Mr Papandreou, 75, shows no sign of replacing Mr Gennimatas, one of his closest political associates. One reason is that the economy minister, Pasok's most popular member, is considered the best person to sell privatisation to the trade unions, who successfully opposed the previous conservative government's plans to *transfer public utilities to the* private sector.

However, Mr Papandreou, who has a serious heart problem and is often not seen in public for several days, has not appointed a deputy prime minister either. He is expected to cling obstinately to power: the succession to his leadership is not on the agenda for discussion at next month's Pasok congress.

Meanwhile, the Culture Ministry has been thrown into disarray by the illness of Ms Melina Mercouri, still in intensive *care in a New York hospital* after surgery for a recurrence of cancer. As culture minister during Mr Papandreou's previous administration in the 1980s, the former actress gave the socialists' image abroad a welcome boost.

At the Bank of Greece, advisers keep a watchful eye on Mr Yannis Boutos, the governor, who has a heart condition that would curtail his activities under normal circumstances. Mr Boutos, a former economy minister appointed by Mr Papandreou, says he is deter*mined to expedite reform at* the central bank.

However, the survival of the socialist government in the next few months depends not on Mr Papandreou's health but on President Constantine Karamanlis, the 86-year-old head of state, whose hold on power is just as precarious.

Mr Karamanlis also has heart problems, but after consultations in London last year decided against having by-pass surgery. If he has to step down before his presidential term expires next spring, parliament *would probably be* unable to muster the three-fifths majority needed to elect a successor, and a general election would be held.

IMF-backed Polish budget set to pass

By Anthony Robinson in Warsaw

Poland's awkward coalition government of farmers and former communists is set to win parliamentary approval tomorrow for a tight budget which *restricts the 1994 deficit to* 4.2 per cent of GDP.

The budget, once approved, paves the way for a new IMF standby loan.

The IMF's agreement is needed to trigger off the second and final stage of Poland's April 1991 debt reduction deal with the Paris Club of official creditors.

The first stage, a 30 per cent reduction in the $33bn official debt in 1991, is to be followed by the final 20 per cent reduction at the end of this month. An outline agreement is also expected later this month on the rescheduling and reduction of Poland's $13bn debt to the London Club of commercial bank creditors.

The budget was tabled in parliament yesterday by the acting finance minister, Mr Henryk Chmeliak, a replacement for Mr Marek Borowski. Mr Borowski, from the former communist Left Democratic Alliance (SLD), last month lost a power struggle with Mr Waldemar Pawlak, the prime minister, from the peasant party (PSL).

The prime minister sacked Mr Borowski's deputy, Mr Stefan Kovalec, for mismanaging the privatisation of Bank Slaski, one of nine state-owned banks in the process of privatisation. The shares opened on the Warsaw stock exchange last month at 12 times the initial offer price.

But few of the 800,000 new shareholders, apart from bank employees, had been able to register their shareholdings.

Only registered shares could be sold at the artificially high market level.

Mr Borowski protested that it was his prerogative to dismiss his deputy, not the prime minister's, and demanded further concentration of economic decision-making in his hands. The prime minister refused *and accepted Mr Borowski's* resignation.

The ensuing political row between the coalition partners has been papered over and a new finance minister will be nominated after the budget is approved.

The budget assumes a 4.5 per cent growth in GDP this year. It forecasts a 36 per cent rise in revenue to Zl 613,000bn ($27.7bn) and a 38 per cent increase in spending to Zl 696,000bn.

Inflation, on an annualised basis, is expected to fall to 27 per cent from 36 per cent in 1993.

The 1994 deficit of Zl 83,000bn is above last year's lower than expected Zl 53,000bn, 3.6 per cent of GDP, but was agreed only after strong lobbying from PSL and SLD deputies to increase spending on pensions, social services and the agricultural sector.

The Solidarity trade union, which mounted a protest strike by more than 20,000 workers last month, is due to hold a general strike against the government on Monday.

But the stoppage is not expected to have a significant impact, either economically or politically.

With unemployment at 15.7 per cent of the 15m-strong labour force militancy has been declining and Solidarity, whose strength is concentrated in the declining state industries and public services such as the railways, is weakly represented in the private sector, where more than 60 per cent of the workforce is now employed.

Balladur softens line on youth training but stands firm on pay

By David Buchan in Paris

The French prime minister, Mr Edouard Balladur, yesterday agreed to improve training for young apprentices, partly caving in to union pressure, but stuck to the principle of his new law that young people on training contracts can be paid less than the national minimum wage.

The government compromise was reached after all-day talks *between Mr Balladur, six min*isters and the unions, in the course of which the communist-leaning CGT federation stalked out and several thousand students demonstrated.

Even the other unions insisted after the meeting that they had given no formal approval to Mr Balladur's changes, which the government is to publish as a decree within a month.

At the meeting, Mr Balladur agreed to scrap the provision in last autumn's labour law which would have allowed companies to pay young people, even with university degrees, up to 20 per cent less than the so-called Smic mini*mum wage, currently FFr5,886* ($985) a month. Qualified workers under the age of 26 will, after all, get the Smic minimum.

Young workers without any qualifications can, by contrast, be paid as little as 30 per cent of the Smic (in the case of 16-17 year olds), provided companies spend the saving on training them. What Mr Balladur promised the unions yesterday was to monitor the training to check that it was effective, but he seemed to have left the unions unconvinced.

The government's rationale is that one in four people under 26 are out of a job – a *higher proportion of youth* unemployment than in most other European countries – partly because in the past 20 years the Smic has, for social welfare purposes, been raised by successive governments twice as fast than average wages. This, it reasons, has priced less skilled and inevitably younger workers out of the job market.

In last autumn's labour law the government thought it had quietly circumvented the taboo against touching the Smic by associating pay cuts with training. But growing popular disenchantment with Mr Balladur over other issues such as edu*cational reform evidently* emboldened the unions to make an issue of the Smic changes when decrees implementing the 1993 law were published last month.

Dutch rulers do badly in election

By Ronald van de Krol

Local elections have dealt a blow to the Netherlands' two ruling parties ahead of the May general election.

Support for the Christian Democrats (CDA) of Mr Ruud Lubbers, the prime minister, fell to 25 per cent of the vote on Wednesday from 33.8 per cent in the last local elections in 1990.

Their coalition partners, Labour, led by Mr Wim Kok, the finance minister, attracted 20.4 per cent of the vote, down from 26.2 per cent.

According to final results on Wednesday night, the main winners were the two largest opposition parties, the right-wing Liberals and D66, a centrist party, as well as a number of smaller parties, including those with far-right views.

If these results were translated into parliamentary seats, CDA and Labour would lose their majority in the 150-member lower chamber, with their combined number of seats falling to 71 from 103 in the 1989 general election.

This means that if they wished to continue their coalition after the May election, they would need to bring a third party into government.

However, the local elections are not entirely a reliable guide to future voting because the results were influenced by local issues and parties that will not figure in the general elections on May 3.

Mr Kok described the results as a "serious disappointment". Labour's traditional supporters have been angered by the party's agreement to unpopular reforms of the social welfare system, particularly in the area of disability insurance.

The CDA was hampered both by the growth in unemployment and by the impending departure from national politics of Mr Lubbers, whose 12 years in office make him the longest-serving prime minister in Dutch history.

Another feature of the local elections was the strong showing by far-right parties which tend to espouse a xenophobic line on immigration and political asylum.

Report criticises Italian minister

By Robert Graham in Rome

A parliamentary report has criticised Mr Nicola Mancino, Italian interior minister, for lacking proper control of the domestic intelligence service.

The report, given to parliament in mid-February but published yesterday, was prompted by concern that the intelligence services had been acting as a law unto themselves and lacked adequate ministerial and parliamentary supervision.

This followed the discovery of wide misuse of the organisations' funds and suspicions that members of the services had been involved in the planting of last summer's bombs in Florence, Milan and Rome. In the past nine months magistrates have arrested a number of senior figures in both the domestic and military intelligence networks on grounds of misuse of funds at present totalling L60bn ($35.5m).

The report says Mr Mancino lacked "effective control" and received only episodic information on the activities of the domestic intelligence service (Sisde). More often than not, he was told only after operations were over. However, his supervisory role was handicapped by the 1977 laws setting up the Sisde, which gave its officials virtual autonomy. Mr Mancino yesterday claimed the report vindicated him.

The misuse of intelligence funds has concerned both budgeted money and secret monies annually made available to the Interior Ministry.

The allegations have even been directed against President Oscar Luigi Scalfaro, who was a Christian Democrat interior minister from 1983 to 1987. The president has consistently denied these suggestions and Rome magistrates again yesterday said he was not on the list of persons under investigation.

The Ciampi government last July initiated a reform of all the security services, bringing them under the direct control of the prime minister's office. But a big shake-up can only come after the March general elections under the next parliament.

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Bundesbank's faith in M3 creates schism

Christopher Parkes reports on the smashing of the central bank's 'plaster saint'

The Bundesbank, arguably the most respected institution in Germany, was given a toasting by its warmest supporters yesterday; the local media's financial commentators.

The target was the central bank's reliance for monetary guidance on its prized but eccentric monthly M3 money supply figures.

The Süddeutsche Zeitung's crisp assessment – "a compass that swings to every rusty nail is not much use" – was widely shared, if not always so succinctly put.

Like the best criticism, the judgements were sharp but well-intentioned. Brickbats from left and right seemed intended to warn the central bank that its credibility – its greatest asset, as it says itself – was being tarnished by its over-reliance on wonky M3 data. Nor was its dignity helped by the need to issue tortuous explanations of why the figures never quite seemed to come under control.

Damage assessments in the wake of the whirlwind unleashed on financial markets by Wednesday's figures, showing 20 per cent annualised monetary growth in January, agreed that experience showed the early figures in any year were not worth the beans they were counted on.

But enough was enough for the left-leaning Frankfurter Rundschau. "After 20 years the Bundesbank can stick its money supply concept in the shredder," it suggested. Handelsblatt, the financial daily, agreed in its own quiet way. "German money supply policy is threatened with a fate similar to that of attempted monetary steering in the US and Britain," it said.

Reminding readers that Germany and Switzerland were the only countries still sticking to a policy based on money supply, it said such a concept could work only if the relationship between money supply and inflation was clear and stable.

"But a monetary policy loses its rudder when the relationship keeps collapsing," it added. In these circumstances, the desire of the Bundesbank to have its faith in M3 taken seriously was not easily fulfilled.

The Süddeutsche Zeitung, sharpest of all, said financial markets looked up to M3 "like a plaster saint" precisely because the bank continued to hold it in such high esteem.

"The market hardly noticed the warning signs (about an inflated January figure) put out by the Bundesbank itself: even experts cannot change their views so swiftly.

"Now everyone has received the bill. But the gentlemen of the central bank council are apparently still trying to stick their plaster saint together again."

The Süddeutsche's view reflected a consensus that the Bundesbank was unlikely to be persuaded to change its ways, least of all under pin-pricks from the press. Handelsblatt, too, expected it to hold on, hoping that M3 would regain some value as an indicator, at least until the time came for European monetary union. There was some evidence that a pan-European money supply aggregate was more stable than that of a single nation, it suggested, offering a sop to the bank's ambitions to have its methods adopted by Emu.

"Until then, we will have ample opportunities to witness 'monetary pragmatism' at work at the top of the Bundesbank: that is, the art of presenting a policy in a different light whenever circumstances require it."

EUROPEAN NEWS DIGEST

Broadcasters to escape action over TV quotas

European broadcasters who have failed to meet quotas for European films and programmes will escape legal action for the time being, the European Commission said yesterday, writes Lionel Barber from Brussels. The Commission decision follows surveys by the 12 member states, which show that more television channels are devoting more than 50 per cent of air time to European works. The surveys did not include all satellite and cable programming. The 1989 "Television without Frontiers" directive requires 51 per cent of material shown on television to be of European origin, and 10 per cent to be set aside for independent European producers – much to the fury of foreign producers, particularly in Hollywood. A Green Paper on the audio-visual sector is to be published this month, but the surveys showed there was anyway a growing public preference for European programmes. In France, which has led the campaign against alleged US cultural domination, all five state-owned channels met the quotas. Tele 21, a French language station in Belgium, showed 95 per cent European work. In the UK, 19 out of 42 channels transmitted a majority of European works and 36 reached the required proportion for independents. But Sky One, a British Channel, showed just 8.5 per cent.

Spanish interest rate surprise

The Bank of Spain yesterday ignored the caution of other central banks and cut its benchmark intervention rate from 8.5 per cent to 8 per cent, writes Tom Burns from Madrid. The early morning cut surprised analysts, but reaction was positive. Bond yields which had risen to above 9.6 per cent fell to 8.8 per cent, the 3-month Mibor came down from 8.7 per cent to 8.3 per cent, Ibex-35, the index of the Madrid market's most traded equities, rose 2.4 per cent and the peseta held steady. Meanwhile, figures released yesterday revealed that GDP was down 0.3 per cent in the fourth quarter of 1993 against a year earlier, but up by 0.1 per cent on the third quarter of 1993.

Serbia bans Macedonian flights

Serbia, an ally of Greece, yesterday banned all Macedonian flights from its airspace because of unpaid bills, AP reports. The transport ministry said six Macedonian companies owed DM4m (£1.5m) for using air routes over Serbia and Montenegro. Macedonia said it had not paid its bills because of the UN sanctions imposed on the rump Yugoslavia. It said its flights would now take longer routes into western Europe over Bulgaria.

Migrant tide ebbs in Europe

Slower economic growth and tighter border and asylum controls in the west appear to have reversed the growth in migration of the early 1990s, the Organisation for Economic Co-operation and Development reported yesterday, writes David Buchan from Paris. With the exception of Germany, the US and Sweden, immigration has fallen since 1992, although most OECD countries have softened the regulations for refugees from ex-Yugoslavia.

Czechs retaliate against Slovakia

The Czech government yesterday retaliated against Slovakia's imposition of a 10 per cent import tax by unilaterally devaluing the special currency used for Czech-Slovak trade, Reuter reports. The Czech government devalued the Czech crown used within the special clearing currency by 3 per cent. Slovakia *yesterday introduced* a 10 per cent tax on imports of many consumer goods to curb its mounting trade deficit, which totalled 26.7bn crowns in 1993. Mr Vaclav Klaus, the Czech prime minister (left), said the Slovak tax was a "semi-devaluation" of the Slovak crown.

Two held over killing of MP

Two men with links to a murdered Riviera underworld boss were yesterday brought before a magistrate investigating the killing of a French member of parliament, Reuter reports from Toulon. Mr Epiphanio Pericolo and Mr Denis Labadie are suspected of killing Ms Yann Piat, a centre-right politician who had crusaded against corruption, racketeering and drug trafficking in southern France. The men were associates of former underworld figure Jean-Louis Fargette, killed last March in San Remo, Italy.

Germans in Libya weapons link

German companies are suspected of having helped Libya build an underground chemical weapons factory near Tripoli, Mr Bernd Schmidbauer, Chancellor Helmut Kohl's intelligence aide said yesterday, AP reports. The allegations are embarrassing for Germany, which has been hit by a string of such scandals in recent years. Prosecutors said charges had been brought against a Stuttgart company and other companies were being investigated.

Russian hard line angers Estonia

The former Soviet republic of Estonia will today decide whether to break off talks on the pullout of 2,600 Russian troops from its territory, after Moscow said it was not committed to any firm withdrawal date, AP reports. "We have threatened to break off talks," Estonian foreign minister Juri Luik said yesterday, adding that the main issue was Russia's backing off from its deadline of August 31 this year. Mr Luik said a decision on whether to suspend the nearly three-year talks would be made today at a special cabinet meeting.

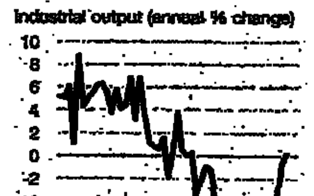
ECONOMIC WATCH

Construction lifts German output

West German industrial output in January was up 0.2 per cent on January 1993, but unchanged from December. Meanwhile, revised figures for December showed a 1.4 per cent increase over the previous month, twice the increase initially reported. The results were better than expected, and pointed to stabilisation in the economy. Economists noted that manufacturing output remained weak, falling 0.5 per cent in January. The main factor behind the buoyancy of the January index was an unexpected 8.4 per cent surge in construction output.

West Germany

Industrial output (annual % change)



Source: FT Graphite

■ Italy recorded a surplus of L5,134bn (£2.04bn) in January on its balance of payments current account, after a L2,310bn deficit in December. The deficit in January 1993 was L765bn.

■ Turkey's trade deficit widened to $818m (£560m) in January from $519m a year earlier. Exports totalled $1.32bn, up from $1.27bn a year earlier. Imports reached $2.1bn in September 1993, up from $1.8bn a year earlier.

■ Belgian new car registrations in February were up 22.4 per cent on February 1993 and 11.5 per cent on January and February over the same period last year.

■ German car sales fell 20 per cent in 1993, to around DM190bn (£73.9bn), while vehicle output fell a quarter to about 4m units.

■ French manufacturers expect investment to rise by 9.9 per cent this year. But in semi-finished and agribusiness goods the decline in investment is expected to continue.

BT chairman assails curbs on ownership

By Guy de Jonquières, Business Editor

Sir Iain Vallance, chairman of British Telecommunications, yesterday said talk in the European Union of restricting foreign ownership in the telecommunications industry was a "dangerous game" which could encourage escalating protectionism in other parts of the world.

However, Sir Leon Brittan, the European trade commissioner, speaking at the same conference in London, said the EU was committed to an open trade stance. He attacked what he called one-sided criticism of its anti-dumping policy.

Critics overlooked the fact that many other countries also had anti-dumping policies, which could be used against EU exports. Such policies were essential to maintaining confidence in the world trading system by correcting market distortions.

"Anti-dumping is not a carte blanche for protectionism," he said. He had instructed the European Commission officials responsible for the policy to be "scrupulously unpolitical" and to enforce it fairly.

Sir Iain said there were already signs of moves to strengthen foreign ownership restrictions in the US, while the recently proposed alliance between France Telecom and Deutsche Telekom also appeared intended to reduce competition.

Foreign ownership curbs were often defended on national security grounds, he said. "Yet the point about open markets is that diversity of supply should mean that no interests – foreign or local – are in a position to dominate anything."

He said BT's recent alliance with MCI, the US carrier, differed from the proposed Franco-German link-up because it was between two companies operating in competitive markets and was designed to exploit emerging opportunities for international value-added network services.

Sir Iain also called for the the inclusion of telecommunications services in the Uruguay Round to be extended to cable television and broadcasting.

Separating regulation of these services would, he said, "force multi-media into a maze of conflicting regulations and operating constraints, with the potential for inflicting real damage on this new and exciting field of communications services".

Hurdles to Mozambique aid

Poor management dogs recovery effort, writes Leslie Crawford

Peace has brought back prosperity to Mozambique's ports and railways, as well as corruption, drug-trafficking and a thriving trade in looted merchandise.

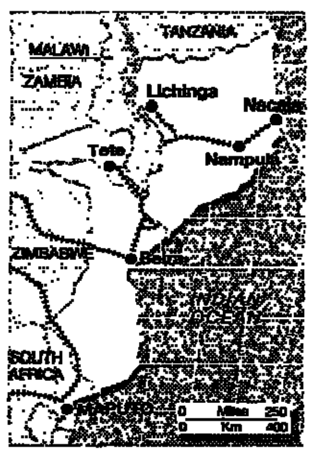
Western embassies are alarmed at the flow of illicit drugs through the country's ports. Mr John Sunde, the South African ambassador, says his customs officers have impounded up to one tonne of mandrax a week from Maputo harbour. The hallucinogenic pills, manufactured in India, are widely consumed in South Africa's black townships.

Diplomats also estimate that one-fifth of the total tonnage handled in Maputo is stolen. Storage areas are not locked, and security guards look the other way when women haul bags of maize and sugar over the harbour perimeter fence.

Lax security and poor management are costing the state-owned Ports and Railways Company of Mozambique (CFM) business it can barely afford to lose.

Coal mines in the Transvaal, which recently secured huge contracts to supply Turkey, say they will not use the port at Maputo – their shortest outlet to the sea – until security is improved.

"If South Africa doesn't use Maputo port, the World Bank



will not fund an $11m (£7.5m) project to upgrade the railway line," Mr Sunde says.

Having spent hundreds of millions of aid dollars to rebuild Mozambique's war-damaged transport network, foreign donors have decided that the only way to stop the rot at CFM is by privatising its management. In the diplomatic language of the World Bank, the administration of CFM is in need of reform.

Already, the Caisse Française de Développement, the French government's overseas development agency, has threatened to halt the rehabilitation of the Nacala railway, the northern-most of the three lines which traverse Mozambique, unless CFM agrees to privatise the management of Nacala's deep-water port and railway services.

The privatisation proposal provokes a vitriolic reaction from Mr Armando Guebuza, the transport and communications minister.

"CFM is Mozambique's biggest company and foreign exchange earner. Why should I hand over the country's wealth to foreigners without a full analysis of the options?" he asks. "There may be management problems, but we are not obliged to accept every solution donors impose on us. Their objectives should coincide with ours."

The arguments are often clouded by emotion because Mozambicans fear they are losing their sovereignty to the dictates of foreign donors. In a country where aid receipts equal gross domestic product (a meagre $1bn), there is an undercurrent of resentment at the lecturing that comes with international assistance.

Charges of weak management wound Mr Guebuza's nationalist pride. To surrender the railways to foreigners would bring back the not-so-distant days of Portuguese rule, when blacks were restricted to menial jobs.

Seventeen years of civil war destroyed the few resources the Portuguese left behind. Rehabilitation only began in earnest after the signing of a peace accord in October 1992, and it has been financed entirely by external aid.

The port and railway terminal of Beira, which handles Zimbabwe's foreign trade, has shiny new container and multi-purpose terminals, a fishing terminal with cold storage facilities, a new oil terminal and a deeper port thanks to some $435m of European Union and Nordic assistance.

Freight traffic along the Beira corridor has doubled since 1991 to 950,000 tonnes; the tonnage handled at the port has risen by 60 per cent to 2.7m tonnes, as has container cargo.

Mr Fernando Ferreira Mendes, a former CFM employee who is now a consultant with the World Bank, agrees that weak management is a problem, but mainly because all decisions are centralised in Maputo.

"Everything has to be referred to CFM headquarters, from the purchase of spares to the tariffs we may charge. We don't need to privatise management," he says, "just decentralise it."

Washington's Japan policy under fire

By Frances Williams in Geneva

Mr Peter Sutherland, director-general of the General Agreement on Tariffs and Trade, yesterday rounded on US trade policy towards Japan, lambasting the managed trade approach as "misguided and dangerous" and accusing Washington of putting the multilateral trading system at risk.

"A new outbreak of bilateral trade tensions is putting the achievements of the Uruguay Round to the test even before they are fully operational," he said in remarks for delivery yesterday lunchtime at the Swedish-American Chamber of Commerce in New York. The Uruguay Round trade accords, to be signed by ministers next month, are due to come into force in 1995.

Mr Sutherland said "when any country privileges the bilateral approach over the principles of the multilateral system it runs the risk of weakening that system and the improvements in it just painstakingly negotiated".

The US has been pushing Japan to agree bilateral accords which would open its markets to more foreign-made goods, with the use of numerical indicators to check on progress. Japan, fearing these indicators could become obligatory targets, says it will not be a party to managed trade deals.

Backing Japan's case, Mr Sutherland said managed trade was damaging for the countries concerned – because bureaucrats were more likely to make misguided decisions than businesses – and for the multilateral system. Agreements could only be enforced by the threat of trade sanctions, often illegal under Gatt.

It was also very difficult to operate quantitative numerical targets for market share of foreign producers in a way that gave equal opportunities to all trading partners, as required under Gatt's most-favoured-nation principle.

Mr Sutherland said completion of the Uruguay Round showed that countries wanted to strengthen the multilateral system. "The top priority on the world economic agenda" was for countries quickly to ratify the Uruguay Round.

Chemicals chief warns of harsh competition

By Paul Abrahams in Tokyo

Dr Manfred Schneider, chief executive of Bayer, the German chemicals and pharmaceuticals group, has warned that European politicians did not understand how cut-throat international competition in the chemicals industry was becoming.

Asian-Pacific chemicals companies were already making their presence felt in Europe, he said. But European competitiveness was being handicapped by high labour and social security costs as well as state intervention in environmental affairs. Slow approval for new products and processes was also taking its toll.

The warning came as Dr Schneider announced his company intended to invest more than DM1bn (£400m) in the Asia-Pacific region by the end of the decade. The forecast underlines the increasing interest of European and American chemicals and drugs companies in the region.

Dr Schneider, who was speaking at the Chemical Week Asia-Pacific Conference in Singapore, said demand for chemicals was growing rapidly in the region. He added the chemicals industry's leading customers – the textiles, electronics, automotive and engineering sectors – were all enjoying high growth. Imperial Chemical Industries, which today opens a CFC replacement plant in Japan, estimates the Asia Pacific market will grow from $280bn (£188m) to $460bn by the year 2000.

Bayer, which had sales of about DM5.6bn in the Far East last year, welcomed the increasing industrialisation of the area, Dr Schneider said. The group aimed to increase sales in the region, but needed to expand its production base.

See UK Company News

Airbus-Boeing jumbo studies to continue

By Paul Betts, Aerospace Correspondent

The four leading European aircraft manufacturers yesterday agreed with Boeing, the world's biggest aircraft maker, to continue until the middle of next year joint studies on the development of a 600-800 seat superjumbo airliner.

After what was described as a "lively meeting", the four European companies – British Aerospace, Aérospatiale of France, Deutsche Aerospace and Casa of Spain – said the European Airbus consortium would also participate in the studies in an advisory role.

All four European manufacturers are shareholders in Airbus Industrie and have been involved in joint studies with Boeing on a superjumbo for the past 14 months.

Although the European Airbus partners agreed to continue the joint studies, they have also become concerned over Boeing's commitment to the joint project.

Aérospatiale of France had shown growing reluctance to participate in the joint studies in the wake of the controversy over Saudi Arabia's recent decision to order $6bn (£4.1bn) worth of new airliners from Boeing and McDonnell Douglas of the US following pressure from the White House.

Belleli in Qatar plant contract

Belleli, the Italian engineering group, yesterday said it had, together with Uhde of Germany, been awarded a $430m (£289m) contract to build a petrochemical plant in Qatar, John Simkins reports from Milan.

The plant at Umm Said will, on completion in 1996, be one of the biggest in the world, with a daily capacity of 1,500 tonnes of ammonia and 2,000 tonnes of urea.

Uhde, a subsidiary of Hoechst, is in charge of the process engineering. Belleli, which has its Middle East headquarters at Al Jubail in Saudi Arabia, will have a 55 per cent share of the project and provide power generation and desalination units.

WWF urges Gatt to take benign view

Efforts to make the General Agreement on Tariffs and Trade more responsive to environmental concerns risk being held up by unwarranted fears over "green protectionism", the World Wide Fund for Nature says in a report released today, writes Frances Williams from Geneva.

The WWF says Gatt rules already provide safeguards against green protectionism, which it defines as trade restrictions which in practice bring no environmental benefit. However, it wants Gatt to take a more benign view of so-called trade-related environmental measures which harness trade restrictions to environmental goals.

Clinton faces healthcare compromises

By George Graham in Washington

President Bill Clinton is fighting to salvage what he can of his plan to reform the US healthcare system, in the face of waning popular support and continued deadlock in Congress.

Mr Clinton said yesterday that his proposals were misunderstood because of a $30m (£20.5m) lobbying campaign against them by the health insurance industry and other interest groups, but offered to concede on virtually any point, so long as the end result guaranteed private health insurance to everyone.

"I think what will happen is people of good faith who want a plan that gives healthcare security to all Americans – that is, healthcare that you can never lose – will get together and come up with a system that meets the criteria I laid out," Mr Clinton said on breakfast television.

But recent opinion polls show that the Clinton reform plan is losing ground. A Washington Post-ABC poll taken last week showed 48 per cent of those questioned disapproved of the plan, while 44 per cent approved of it – the first time since it was unveiled last September that more have disapproved than approved.

In Congress the plan is making little headway through the legislative machinery. Jurisdiction over the bill has been divided up between a wide array of House and Senate committees, but none has yet managed to agree on a text.

One of the Clinton plan's key supporters, Congressman Henry Waxman of California, this week gave up attempts to work out a compromise in the health subcommittee he chairs. The committee includes Congressman Jim Cooper of Tennessee, who is sponsoring one of the chief rivals to the administration plan, a proposal he calls "Clinton Lite".

Another health subcommittee chaired by Congressman Pete Stark, another California Democrat, has also postponed its efforts to agree on a bill. Mr Stark has his own proposal, based on an expansion of the existing government Medicare scheme.

The full committees over the heads of Mr Waxman and Mr Stark are chaired by two of the president's staunchest and most powerful backers on the healthcare issue: Congressmen John Dingell of Michigan and Dan Rostenkowski of Illinois.

Both recognise that they will have to compromise on many aspects of the Clinton plan if they are to win passage, and have decided not to start dealing away concessions to win agreement at the subcommittee level only to have to start again at the full committee level.

Opinion polls hand mid-term boost to Democrats

By Jurek Martin in Washington

The Republican party may find it hard to make expected gains in this year's mid-term elections, according to an opinion poll published yesterday by the Washington Post and ABC News.

The survey also found President Bill Clinton's popularity rating holding up at 58 per cent positive and 38 per cent negative. Other polls, however, have shown slippage to the 50 per cent range.

The main message of the survey was the extent to which Democrats have appropriated the issues of most concern to the American public. The party holds a sizeable edge in public confidence in its ability to manage the economy, the federal deficit, healthcare and crime.

Only in defence and foreign policy was a Republican advantage apparent. But two thirds of those surveyed identified social issues as the most important, against 18 per cent who cited the economy and a mere 4 per cent most concerned about foreign affairs.

The mid-term election season opens this month with a batch of party primaries, of which the most widely watched is probably in Illinois, where Congressman Dan Rostenkowski, chairman of the ways and means committee, faces a tough battle in his Chicago district because of impropriety allegations.

The general rule of thumb had been that the Republicans could gain as many as 25 seats in the House – not enough to overturn the current 81-seat Democratic majority but a real problem for the Clinton administration.

But a comprehensive poll of polls published last month by the New York Times and CBS News, covering over 250,000 respondents, has given the Democrats reason for encouragement.

It found that for the first time since 1976 the Democrats were making significant gains over Republicans – 36 per cent identified themselves as Democrats, 28 per cent as Republicans and 30 per cent as independents.

Also, for the first time since 1984 more Americans in the 18-29 age bracket said they were Democrats than Republicans, by a 31-29 per cent margin, with independents at 33 per cent.

Salinas gives ground to soothe rebels

Concessions may hit public support for Zapatistas, writes Damian Fraser

The preliminary agreement reached on Wednesday between Mexico's Zapatista rebels and the government demonstrates the remarkable ability of Mexico's political system to resolve seemingly intractable conflicts quickly and pragmatically.

The tentative accord comes little more than two months after the Zapatistas declared war on the Mexican army in the southern state of Chiapas and demanded the resignation of President Carlos Salinas and his cabinet. Mr Salinas's government swiftly dismissed the rebels as "transgressors of the law," backed by foreigners and radical priests.

But the prospect of a prolonged conflict in the run-up to this August's presidential election and the vulnerability of the economy to civil unrest persuaded the president to make sweeping concessions to the masked rebels. These concessions should transform Chiapas, the state's relationship with indigenous peoples, and have important effects on the rest of the country.

Under the 32-point draft agreement the government has promised to meet rebel demands for a new and more democratic electoral law in Chiapas, to return land taken from peasants there and divide large farms. It will also draw up a new state penal code, and dramatically increase spending on schools, hospitals, housing, and basic infrastructure.

The government will provide a local radio station for indigenous peoples, and appoint an attorney general for defence of Indian rights. It will propose a law for indigenous peoples allowing them to incorporate local customs into their laws. It will also outlaw the expulsion of Protestant Indians from Catholic communities.

Graffiti in support of the rebels on the window of a Mexico City hamburger restaurant *Reuter*

The government proposals do not meet all the rebel demands, specifically their call for legal action against three former governors of Chiapas and the ousting of Mr Salinas from the presidency.

The government formally rejected the rebel insistence that peace talks include national democratic reforms. However, the government has indirectly met such demands by negotiating electoral reform with opposition parties in Mexico City. New electoral laws are likely to be agreed shortly.

The provisional agreement still has to be approved by Zapatista supporters, but government officials believe this is likely. Even if the rebels do not support the agreement, the concessions should undercut much of their public support, which has been their most effective weapon against the state.

If the agreement is ratified by the rebels, the accord would mark a personal victory for Mr Salinas. Having come close to seeing his presidency unravel in the days after the peasant uprising, he can now take credit for restoring peace to the region, and for proposing social and economic reforms that much of the country supports and that do not by themselves threaten his project to modernise Mexico's economy.

However, resolution of the conflict will not come without a cost. Government concessions to armed rebels may legitimise further violence as a solution to social and economic problems, and make the task of ruling Mexico more difficult in the future.

Mr Salinas has also had to agree to an electoral reform that he had previously opposed. By reducing government control of electoral boards and giving the opposition more equal access to the media, the reform will make it more difficult for the ruling Institutional Revolutionary Party to win elections through fraud. It also raises the possibility, for the first time in modern Mexican history, of an opposition victory.

The agreement raises still further the profile of Mr Manuel Camacho, the peace envoy to Chiapas. He was instrumental in persuading the president to make concessions to the rebels, and in pushing through the national electoral reform.

While most observers consider the prospect unlikely, Mr Camacho is now in a stronger position to run as an independent candidate for the presidency, challenging Mr Luis Donaldo Colosio, the candidate of the ruling party and favourite to succeed Mr Salinas.

As indicated by the sharp rise in Mexico's stockmarket after the announcement of a preliminary accord, peace should boost investor confidence in Mexico's economy. In recent days the peso has come under fire, with investors worried about low growth and the pressure that has been put on the government to keep interest rates low.

Even with a peace agreement, the divisions within Chiapas have deepened since the New Year uprising and are unlikely to disappear quickly. Many ranchers and government officials in Chiapas view the Zapatistas as little more than terrorists.

While a minority, they hold most of the region's economic power and are sure to oppose elements of the peace plan that call for appropriation of large farms and electoral reform.

For their part the Zapatistas and their sympathisers have been liberated by the uprising, losing their fear of the landowners and PRI officials.

But if there is resistance or delay in compliance with the promised reforms, they may take up arms again.

US factory orders up 2% in January

US factory goods orders rose 2.1 per cent in January – the sixth increase in a row – as last year's momentum in the manufacturing sector carried into the new year, the government said yesterday, AP reports from Washington.

The Commerce Department said the string of advances is the longest since one that ran from September 1987 to June 1988. *January's rise followed a* 1.4 per cent gain in December.

Leading the surge were sales of transport equipment, particularly aircraft and parts. The highly volatile transport component rose 14 per cent, or $5bn, to a total of $40.7bn (£27.8bn).

The Commerce Department also reported unfilled orders increased for the first time in nearly a year, an indication demand is outpacing supply and more hiring of workers may be on the way.

The department said factory orders totalled a seasonally adjusted $272bn, up from $266.4bn in December. Manufacturing, which languished early in 1993, showed particu*lar strength in the last quarter* when the economy expanded at a 7.5 per cent annual rate. Yesterday's report indicated the momentum is continuing.

However, manufacturing orders excluding transport increased just 0.3 per cent and excluding defence orders were up 1.6 per cent.

Venezuela judge orders 83 businessmen held

A Venezuelan judge has ordered the arrest of 83 businessmen in connection with the collapse of Banco Latino, the country's second-largest bank, Reuter reports from Caracas.

The order by a penal court judge late on Wednesday suggests wrongdoing is believed to have been partly behind the January closure of Banco Latino, not just managerial ineptitude, as initially thought.

Banco Latino closed its doors after authorities removed it from the national cheque-clearing system for failing to meet commitments. A government-appointed panel has been studying ways to pump money into the bank so it can be reopened.

Among those whose arrest was ordered was Mr Ricardo Cisneros, a Banco Latino director and minority shareholder, whose family has large holdings in banking, the news media, mining and food industries. Most of those involved are senior Latino officers and directors, either wanted for alleged "continuous improper appropriation" or allegedly falsifying results.

Judge Diamora Ramirez de Simancas also ordered that Mr Roger Urbina, former superintendent of banks, be arrested for alleged concealment. She would ask the government to seek extradition of any wanted executives now outside the country and act to prevent those in Venezuela leaving.

Business sceptical over policy switch

By Joseph Mann in Caracas

During its first month in office, Venezuela's government, headed by President Rafael Caldera, has announced a series of economic measures that stand in contrast to the unpopular market reforms that were implemented over the last five years.

The administration has depicted itself as seeking a middle ground between free-market policies and heavy government intervention in the economy. While the results are not yet apparent, businessmen are generally sceptical.

The new government, which began a five-year term on February 2, is facing the country's second year of recession. It is trying to cope with a significant drop in the value of its oil exports which accounts for much of the treasury's revenue, high inflation (46 per cent last year), a fiscal deficit of between 8 and 10 per cent of GDP, heavy debt payments and a banking crisis brought on by the collapse of the country's second-largest bank in January.

The imposition of "temporary" price controls helped to bring down the inflation rate last month from 4.3 per cent in January to 1.9 per cent last month.

But the government's international reserves fell by $633m last month to $11.2bn, after a $744m decline in January. These large falls – reserves fell only $519m in the whole of last year – resulted from lower oil receipts and dollar demand after the failure Banco Latino.

Businesses have been concerned these problems would prompt exchange controls and a big devaluation of the Venezuelan bolivar, but the government has said it is not planning action on either point.

Instead, the government has promised to cut the central government budget by 8 per cent, proposed a series of tax changes, set up an autonomous agency to collect income taxes and reduce tax evasion, extended price controls on medicines, and announced it will seek "voluntary price restraint" on other items.

It has also committed substantial resources in an effort to refloat Banco Latino and keep other troubled banks in business. There are also worries among businesses that the huge volume of government financing required by these troubled banks will prove inflationary.

Mr Caldera has said he wants to re-start the privatisation programme, which was virtually halted after an coup attempt in early 1992 unleashed two years of political turmoil.

He has suspended the constitutional right to engage in free business practices, giving him extensive power to decree drastic economic measures.

The last suspension of economic rights lasted 30 years and was lifted only in 1991. This time the government has said the current suspension may be revoked soon, and that the special powers will be used prudently.

Mr Jorge Redmond, president of Conindustria, an important association of Venezuelan industrial companies, said extended or frequent use of the special powers would be "dangerous", though added that the measure should not be condemned until some concrete results were visible. But Mr Freddy Rojas, former president of Fedecamaras, Venezuela's largest business association, called the presidential move "an improvisation" and warned that it would scare off private investment.

First miss for 84-year-old

By Jurek Martin

Something extraordinary happened in the US Congress yesterday.

For the first time in 41 years there was a division in the House of Representatives – on a mundane procedural issue – in which Mr William Natcher, the 84-year-old Democrat from Kentucky, did not cast a vote.

That broke a string of 18,401 consecutive votes by Congressman Natcher. This is, naturally, a record. Congressional historians do not know who held it before, nor who holds the current longest streak. Mr Tom Foley, the Speaker, yesterday advised his colleagues not to try to beat Mr Natcher because they could never stand the strain.

So anxious were his colleagues to keep his streak going that they had held no votes at all on Wednesday. On Tuesday Mr Natcher had been wheeled to Capitol Hill from his hospital bed to cast a vote or two. Though frail and ill, he has not hinted at retirement.

Quebec politics dampens business hopes

Bernard Simon on how separatism fears are spoiling celebrations of end to a long recession

Quebec's business community is holding its breath, not sure whether to celebrate the end of a long, deep recession or to worry about the political future of Canada's French-speaking province.

A provincial election, to be held later this year, is shaping up into a closely fought battle between the ruling Liberals, who have held office for the past nine years, and the separatist Parti Québécois.

If the PQ wins it has promised to hold an independence referendum within 12 months of taking office, giving Québécois an opportunity to reverse their decision to remain part of Canada which they made in a similar vote 14 years ago.

The prospect of a PQ victory has become as much – if not more – of a talking point in Montreal's clubby business community as the surging exports, a turnaround in corporate profits and the improved housing market which all signal the start of a long-awaited economic upturn.

"The economic climate is very good," says Mr Jean Douville, president of Schroders & Associates Canada, an affiliate of Schroders, the UK merchant bank. But Mr Douville, himself a Québécois, adds that renewed political nervousness "is certainly worrisome".

The PQ insists that business has nothing to fear in a sovereign Quebec. Its leader, Mr Jacques Parizeau, is an astute economist who was once described as the best finance minister that Canada never had. In particular, PQ leaders have begun to lobby for an independent Quebec's accession to the North American Free Trade Agreement.

Nevertheless, fears of a messy divorce and uncertainty about how well Quebec would fare by going it alone are unsettling business confidence.

The PQ's last term in office in the late 1970s and early 1980s was marked by a flight of capital and people to neighbouring Ontario to the west, and the US to the south. The scare was exemplified by Sun Life of Canada, the country's biggest insurance company, which moved its head office from Montreal to Toronto.

Fears of a messy divorce and uncertainty about how Quebec would fare by going it alone are unsettling business confidence

The jitters have started to resurface. The gap between the yield on 30-year bonds issued by Quebec and by the neighbouring province of Ontario has widened from about 12 basis points last autumn to 33 basis points late last month.

Mr Yves Auclair, a Quebec bond specialist at Burns Fry in Montreal, says that "the typical holder of Quebec bonds has gradually scaled back his weighting over the past four months". Among long-term bonds issued by Canada's 10 provinces, only impoverished Newfoundland offers a higher yield than Quebec to attract investors.

However, the spread between Quebec and Ontario bond yields narrowed to 21 basis points last week on the heels of opinion polls which show waning support for the separatists. One poll put the Liberals ahead of the PQ for the first time in more than a year. The federalist forces received another boost this week when the Liberals unexpectedly won a by-election in a French-speaking constituency east of Montreal.

Anecdotal evidence suggests that while many companies are continuing to invest in Quebec, political uncertainty is also causing them to review their Quebec operations.

The separatist forces were bolstered by the strong showing of the PQ's federal counterpart, the Bloc Québécois, in the general election last October. The BQ is now the official opposition in the House of Commons in Ottawa.

Its canny leader, Mr Lucien Bouchard, is likely to play a leading role in the coming election campaign.

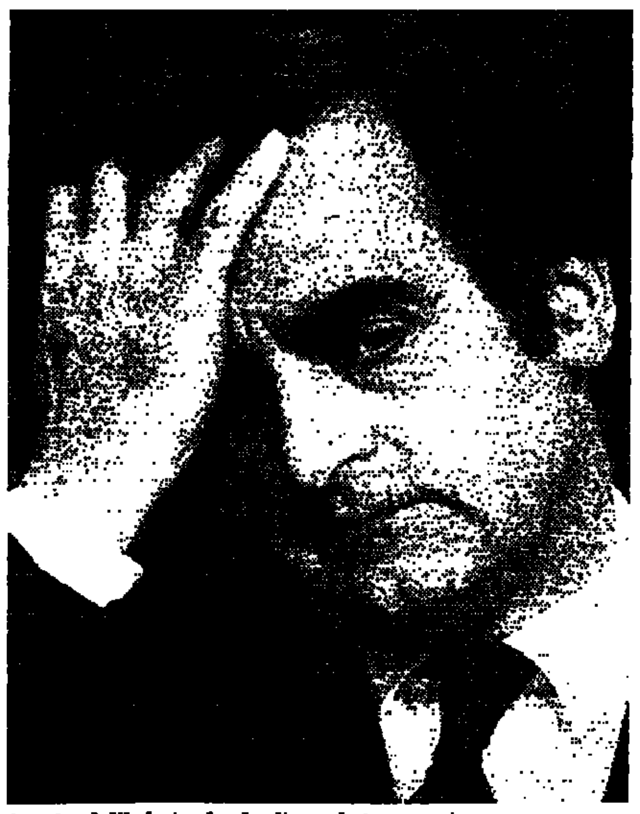
Mr Bouchard is in the US this week enjoying a level of status and publicity not conferred on the separatists since they were voted out of office nine years ago. His itinerary has included a meeting with Mr Boutros Boutros Ghali, UN secretary-general. At home, the BQ has made full use of its strength in parliamentary debates and question periods to remind Québécois that being part of the Canadian federation brings more costs than benefits.

Prior to the by-election upset this week, Mr Parizeau was exuding confidence. The PQ had won a string of by-elections, including one last week in which it captured a Liberal – and supposedly federalist – stronghold.

The Liberals' new leader, Mr Daniel Johnson, took over from Mr Robert Bourassa as premier in January amid low expectations. Mr Johnson has a low-key style and made many political enemies during his years as a tight-fisted cabinet minister in charge of the province's civil service.

Senior diplomats in Ottawa had concluded that the coming election was the PQ's to lose. But recent opinion polls and the by-election result show that the fight is far from over.

Mr Johnson is following much the same formula as the one which propelled the federal Liberals to victory in the general election. Instead of being drawn into a constitutional debate with the PQ, Mr Johnson is trying to spread an upbeat message that the best way to generate jobs is through a strong economy unfettered by political uncertainties.



Bouchard: likely to play leading role in campaign *Reuter*

Like many others in the business community, Mr Douville is crossing fingers that the strategy will work. He notes that "it's a lot easier for people to accept the status quo when they've got some money in their pockets".

Talks resume on ending conflict in Guatemala

By Edward Orlebar in Guatemala City

The Guatemalan government and left-wing guerrillas resumed peace talks yesterday in a new bid to end their 33-year conflict.

The talks in Mexico between the government and the guerrillas of the National Guatemalan Revolutionary Unit come amid a climate of instability fuelled by recent coup rumours and apparent divisions in the army over the possible outcome of the talks.

The negotiations, at which a United Nations moderator will be present, are to address the delicate issue of a human rights agreement and the creation of a commission to investigate past abuses.

The meeting will be the first since the signing of a framework agreement in January, in which both sides stated their political will to reach a settlement this year.

Guatemala's President Ramiro de León Carpio, a former human rights official who became head of state last June, badly needs a public relations victory, after his image has begun to wilt both locally and internationally.

But senior army officers, including the minister of defence, have made it clear *they take a dim view of a proposal* to form a commission which would investigate violations during the internal conflict, which has cost more than 100,000 lives.

The substantial constituency in the army against the peace talks, and particularly an investigative commission, has cast doubt on professed optimism in government circles of an imminent breakthrough.

However, sources close to the government delegation believe the guerrillas may allow discussions on the commission to be put to one side.

The guerrillas have maintained throughout the four-year long negotiations that the creation of such a commission, and a commitment to international verification of human rights observance, are requirements if it is to sign an agreement on human rights.

The issue has highlighted divisions between the civilian government and the military. Mr Hector Rosada, the head of the government's team in the talks, which includes two generals and a colonel, has said that a commission is necessary if peace is to bring minimal comfort to the hundreds of thousands of relatives of victims during the conflict.

Rabin holds talks with far-right party on extending coalition

Israel faces protection demands

By Julian Ozanne in Jerusalem

Israel came under renewed international pressure yesterday to meet demands for greater protection of Palestinians living under military occupation.

In an effort to calm Palestinian outrage after last Friday's massacre in Hebron, Israel began freeing 400 more Arab prisoners yesterday, bringing this week's total to nearly 1,000. But the Palestine Liberation Organisation reiterated that the move was insufficient to allow a resumption of peace talks.

Efforts to resume the peace process are focusing on the PLO's demands for the deployment of an international presence in the occupied territories to safeguard Palestinians, the disarming of the 120,000 Jewish settlers, and the dismantling or "realignment" of some political or ideological settlements. Israel has rejected the PLO's demands.

However, Mr Karolos Papoulias, the Greek foreign minister, who is touring the Middle East representing the European Union, lent his support to the demands during a visit to Amman. Russia, a co-sponsor of the Middle East peace process with the US, has also backed the PLO position.

Officials in Israel also said that the US, which generally supports the Israeli government, would welcome more credible measures to assuage Palestinian fears.

The US is awaiting the arrival of Mr Nabil Shaath, a senior PLO official, who is due in Washington today to explain the organisation's stance and to try to win backing for a strong UN Security Council resolution on the massacre.

Mr Douglas Hurd, the British foreign secretary, said in London yesterday after meeting Mr Shaath that the UK would be willing to send international observers to the occupied territories. "I am thinking of individuals and civilians rather than armed units," he said. Britain was determined that the massacre should not derail the peace process, he added.

Meanwhile, the Israeli government sought to strengthen its position in parliament, where it has only a one-seat majority, by bringing Tsomet, a far-right-wing party, into the Labour-led coalition, a move that ignited fierce protest from Arab and left-wing government supporters.

Mr Yitzhak Rabin, the prime minister, has had lengthy negotiations with Tsomet, which has five members in the 120-strong Knesset (parliament).

Tsomet favours expanding Jewish settlements in the occupied territories and is opposed to the creation of a Palestinian state.

Mr Rafael Eitan, the leader of Tsomet, who once compared Arabs to cockroaches, said yesterday the basis for coalition negotiations with Labour had been created by recent events and the uncertainty surrounding the implementation of the PLO-Israel outline peace accord.

The Knesset's two Arab parties, with five parliamentary seats, said they would withdraw their support from the government if Tsomet joined the coalition. The left-wing Meretz party, Mr Rabin's most important coalition partner, also said it was opposed to the move, warning that it would send a negative message to Palestinians and jeopardise peace talks.

Mr Ahmed Tibi, adviser to Mr Yassir Arafat, PLO chairman, said the contacts with Tsomet "cast a deep shadow" over the peace process.

Israeli soldiers aim at stone-throwers from behind barricades in Gaza City yesterday Reuter

Fund managers watch S African cliff-hanger with bated breath

A select group of visitors to South Africa with around half a billion dollars to invest are following the country's nail-biting political negotiations with particular interest.

They are 28 fund managers from some of the most prominent European and North American investment institutions on a week long tour.They will be seeking the answer to one question above all else: what are the prospects for a stable, post-apartheid South Africa?

Signs are that the representatives from New York's Lazard Frères and Merrill Lynch Asset Management, London's IDC International and Toronto's Goodman & Co, among others, have liked what they have heard from Mr Derek Keys, Minister of Finance, the ANC's economics department, the Reserve Bank, and businessmen such as Mr Meyer Kahn, chairman of South African Breweries (SAB), and Mr Hans Smith, managing director of the steel-maker Iscor.

Mr Richard Jesse, at stockbrokers Martin & Co, which arranged the visit, says there is no doubt that even the most cautious foreign investors "like the concept" of investing in South Africa.

A successful outcome to the political negotiations currently under way would remove much of the remaining unease about the country's investment risk. But with elections so close, many will take the attitude that waiting a few weeks more before committing funds "can do no harm when you have been waiting for 50 years".

When they do take the plunge, South Africa is likely to see indirect foreign investment which will dwarf the sums spent on shares since the lifting of sanctions in September which saw records broken on the Johannesburg Stock Exchange.

"The JSE has seen hundreds of millions of rands of foreign money. Now it will see hundreds of millions of dollars," says Mr Jesse.

The change in sentiment is dramatic (only 10 companies accepted Martin & Co's last invitation for a fund managers' visit in October), and has been fuelled by the feverish interest in emerging markets.

Mr Miles Moreland of the London-based Blakeney Management, which specialises in discovering "new" markets, says South Africa is on the threshold of a third wave of offshore share buying.

South Africa is on the threshold of an investment 'third wave', says Matthew Curtin

The first wave saw hedge funds and the "more nimble, unrestricted" investors buy South African shares for much of 1993, and move quickly to take profits this year.

Then came the specialist Africa funds such as Morgan Stanley's \$60m (£33.3m) Africa Investment Fund, and Alliance Capital Management's \$100m Southern African Fund, listed on Wall Street on Friday.

Mr Moreland says the more cautious global players, the large mutual and pension funds, are about to follow. This comes about as much the result of growing confidence in a growing South African economy as the JSE's forthcoming inclusion in the International Finance Corporation's emerging market index and Morgan Stanley International's developing market index.

The JSE in one of the world's largest stock markets by capitalisation (about \$170bn) but is under-represented in emerging market portfolios.

When the JSE is added to indices by which the performance of share portfolios are judged, emerging market fund managers will have to redirect some of the \$8bn assets they manage to South Africa to ensure they have even exposure to a market which represents at least 10 per cent of the value of all emerging markets.

Ms Maria Ramos, an ANC economist, says any increase in indirect investment is welcome, as its improves market liquidity and economic confidence. That will be vital if a new government is to raise new funds on international capital markets. But she points out it does not create jobs.

Direct foreign investment will be critical if the estimated 6m unemployed South Africans are to find work. Job creation has risen swiftly this year to the top of the agenda at the National Economic Forum, which links government, business and trade unions.

However, as high-profile as the announcement of the return of Industrial Business Machines (IBM), Kodak and Reebok have been, the sums involved with the companies' reinvestment are small.

The Overseas Private Investment Corporation (Opic), the US government agency which helps US businesses invest abroad, completed a 10-day visit on Tuesday by announcing a \$75m equity investment fund aimed at black business, and small business partners.

Mr Richard Morningstar, an Opic vice-president, says the trip was an "unqualified success" but admits the agency can only make the smallest, albeit important, contributions to the economy.

Even if the political transition proves surprisingly free of violence, and fears of future macro-economic indiscipline are unwarranted, foreign companies contemplating direct investment are entering a competitive domestic market.

Mr Jesse says it is easy to say a foreign brewer or pharmaceutical company should be able to rush into South Africa, but large indigenous groups are unlikely to give ground easily to competitors.

Foreign investment will be good for stockbrokers' pockets but promises no free ride for the economic planners.

See World Stock Markets

SDR48m IMF loan agreed for Senegal

By George Graham in Washington

The International Monetary Fund yesterday moved to help the countries of French-speaking west and central Africa get over the pains of January's devaluation of the CFA franc by agreeing to lend Senegal 47.6m special drawing rights (about £46m).

The loan is the first agreed since the countries of the franc zone decided on January 11 to cut the value of their currency, fixed at 50 CFA francs to the French franc since 1948, by 50 per cent.

The IMF board is expected to discuss similar loans to other franc zone countries, starting with Niger, Ivory Coast, Comoros and Cameroon, over the next month.

The loan agreed yesterday will back up the policies Senegal's government has adopted since the devaluation to boost its economy, including cuts in customs tariffs, administered prices, and the pursuit of a moderate wage policy.

Figures from the Senegal government and the IMF show the country's economy shrank by 0.8 per cent last year, but is projected to grow by 2.7 per cent in 1994 and 5.0 per cent in 1995. Inflation is projected to climb to 39 per cent this year before dropping to 7.8 per cent in 1995.

In a statement issued yesterday the IMF called for external aid to Senegal, including debt relief. France has already agreed to cancel its remaining debt from low-income member countries and to halve outstanding debt from middle-income countries.

Hopes rise on HK airport finance

By Simon Holberton in Hong Kong

The prospect of a settlement to Britain and China's long-running dispute about financing Hong Kong's multi-billion-dollar airport project brightened significantly yesterday after what British officials described as "useful and constructive" talks.

British officials gave an upbeat assessment of the talks, the first since August last year, describing the atmosphere as "positive and friendly". They said China's attitude demonstrated it wanted to settle the issue of airport finance.

China has attempted to use the airport as a lever to influence the British government in its row with London over Hong Kong's political development. With the recent failure of bilateral talks on the colony's forthcoming election, Beijing may have decided that holding up progress on the airport served no further useful purpose.

An early test of this will come next week. On Wednesday, the government introduces into the local legislature the second of Governor Chris Patten's bills for democratic reform. The following day, China's National People's Congress, or rubber-stamp parliament, convenes in Beijing for its annual meeting. A year ago, a similar conjunction of events produced a furious response from China.

The airport and its connecting railway are estimated to cost the public sector about HK\$84bn (£7.3bn). Earlier this year, the Hong Kong government acquiesced in China's demand that the project be funded by HK\$60.3bn of equity and HK\$23bn of debt.

Mr Alan Paul, the UK team leader, said the attitude of the Chinese side showed China wanted to move to a full meeting of the airport committee. The committee would meet in full session only if it were to agree a financial plan.

The Chinese side had yesterday asked a number of technical questions concerning the latest financial plan, he added. These would be responded to within the week and the timing of another meeting discussed. It is vital both sides agree financing before the summer. If not, delays in opening the airport of up to a year or more may be unavoidable.

Seoul suspends its annual military exercise with US

By John Burton in Seoul

South Korea yesterday announced a conditional suspension of its annual Team Spirit military exercise with the US in response to North Korea's acceptance of international nuclear inspections.

Team Spirit, which has taken place almost annually since 1976 in South Korea, will not be conducted this year if the International Atomic Energy Agency's inspections of the North's seven declared nuclear facilities prove satisfactory.

In Washington, the administration said it would resume high-level talks with North Korea following the arrival of international experts in Pyongyang to begin nuclear site inspections.

"The talks will aim at a thorough and broad resolution of the nuclear and other issues that separate the DPRK [North Korea] from the US and the rest of the international community," Mr Mike McCurry, State Department spokesman, said.

He renewed the US warning that the talks and temporary cancellation of Team Spirit "are based on the premise that the IAEA inspections will be fully implemented and South-North nuclear dialogue will continue through the exchange of special envoys".

Team Spirit has been a bone of contention with North Korea, which has criticised the exercise as a preparation for an attack by the US.

In an agreement reached last week in New York, North Korea agreed to allow the long-sought IAEA inspections to go ahead and to resume the North-South dialogue.

In Vienna, IAEA officials said yesterday they had carried out their first inspection of North Korean nuclear facilities in more than a year, at nuclear sites at Yongbyon, 90 miles north of Pyongyang.

The US has also asked Pyongyang to agree to an exchange of presidential envoys with South Korea to discuss the nuclear problem and other inter-Korean issues.

The two Koreas yesterday had a working-level meeting at the truce village of Panmunjom to prepare for the proposed exchange this month. It was the first inter-Korean contact since October.

The negotiations are expected to focus on possible US diplomatic recognition and economic aid.

But North Korea tabled new conditions for the envoy exchange, raising doubts whether the deal to resolve suspicions about Pyongyang's nuclear programme will proceed smoothly.

The North demanded that the proposed deployment of US Patriot missiles in South Korea be stopped and that South Korea's President Kim Young-sam apologise for remarks last year criticising Kim Il-sung, the North Korean leader.

India's exports surge 21%

By Shiraz Sidhva in New Delhi

India's exports surged 21.41 per cent to \$17.8bn (£9.8bn) in the 10 months from April 1993 to January this year. Preliminary figures yesterday showed that while exports are continuing to grow strongly, imports in the period increased only 0.68 per cent to \$18.38bn against last year's \$18.26bn. The trade deficit fell from \$3.6bn in the 10 months to \$581.68m.

Main commodities that have led to the growth in exports are gems and jewellery (18 per cent); ready-made garments (12.3 per cent); engineering goods (9 per cent); textiles (6.8 per cent), and leather goods (3.9 per cent). Imports continued to be dominated by petroleum and crude oil.

● The Asian Development Bank yesterday approved a \$600,000 grant for emergency rehabilitation management in Maharashtra, where 10,000 people were killed in an earthquake last September.

NEWS IN BRIEF

China plans intellectual property courts

China said it would establish two specialist courts in Shanghai to handle intellectual property rights cases, according to Wen Wei Po, a pro-China newspaper based in Hong Kong.

The courts would specialise in trademark and copyright violation cases. Since 1983 an array of courts in Shanghai, a key commercial centre, have handled more than 1,200 intellectual property rights cases. The number has risen in recent years as China moves to a market economy.

● The number of bank credit cards issued by China's four main banks will reach 7m by the end of this year, up from 4m today, the Economic Information Daily said, Reuter reports from Beijing.

The Industrial and Commercial Bank has issued more than 2m of its Mudan cards, with a turnover in 1993 of more than Yn50bn (£3.8bn), an increase of 455 per cent over 1992, it said.

It said 212 of the bank's branches could issue the card, with 95 new branches added in 1993.

● China's population last year grew at its slowest rate in more than three decades. Although the total population grew to nearly 1.2bn, the natural growth rate – the difference between the birth and death rates – was 11.45 per thousand, down from 11.60 in 1992, the Xinhua news agency said.

Algeria in IMF talks

Algerian economy minister Mourad Benachenhou is expected to visit Washington next week to hammer out the details of an agreement with the International Monetary Fund, according to officials in Paris, Reuter reports from Paris.

"Benachenhou is expected to go to Washington to formalise the arrangement, to finalise the figures," one official said, adding, however, that the minister would probably require final approval from Algiers before an agreement was sealed.

If agreed, the accord is expected to have two components – a regular "standby" loan to support its balance of payments and a further sum under the IMF's compensatory financing facility. Algeria said last week the IMF might give it a \$500m (£342.4m) standby loan and \$300m more to offset lower oil revenues, which make up over 90 per cent of hard currency earnings.

Philippines inflation up

Inflation in the Philippines rose towards the end of 1993, partly because of the easing of state support for the central bank following a law that created a more independent monetary institution, a central bank official said, Reuter reports from Manila.

The government had eased its support for the bank's liquidity management since passage of the Central Bank Act. This led to heavy withdrawals of state deposits in the bank, contributing to an expansion in money supply that fuelled inflation, the official said.

The annualised inflation rate, as measured by the consumer price index, rose to 8.4 per cent in December last year after hitting a low of 6.6 per cent in June and averaging 7.6 in the same year. Inflation was 8.2 per cent in January 1993.

Vatican-Jordan ties

The Vatican established diplomatic relations with Jordan yesterday in its latest move to bolster ties with the Arab world to counterbalance its recent recognition of Israel, Reuter reports from Vatican City.

The new relations will also make it easier for Pope John Paul to visit holy sites of the Old and New Testaments before the year 2000.

The move, less than three months after the Vatican announced it was stepping up official ties with Palestinians, was also expected to give the Holy See a greater chance of influencing the Middle East peace process.

The Vatican now has full diplomatic relations with all of the countries that have land borders with Israel – Jordan, Lebanon, Syria and Egypt.

Vietnam's state companies discover the bottom line

Iain Simpson looks at a sector that has been told to stand or fall on financial merit

For ten years, Mr Le Trong tried to persuade other state-owned companies in Vietnam to pay him to advertise their products, but he got nowhere. The companies said their raw materials were supplied by one government department and the finished products were distributed by another. All they had to do was to meet their production targets and everyone was happy.

Five years on, Mr Le Trong is much in demand. His swish central Hanoi office is besieged by directors of the same state companies and he can barely hire enough staff to deal with the extra work.

The reason is simple: in the intervening years the Vietnamese government has introduced pro-market economic reforms and told state companies they have to survive or fail on their financial merit.

State-owned companies that for years had proceeded in the innocent belief that they were pleasing their customers have awakened to the awful truth that nobody actually wants to buy what they make. Others with bloated workforces have had to choose either to sack their excess staff or face financial ruin.

Mr Le Trong's company, Vinexad, is owned by the Ministry of Commerce and he now proudly boasts that it is the most successful state-owned advertising agency in Vietnam.

One of his prospective clients is doing rather less well. For 40 years after it was set up in 1947, Tran Hung Dao Engineering played an integral part in Vietnam's struggle for independence and socialism. Now, the company is in danger of being thrown on the scrap heap.

During the war for independence against the French and then the war against the US, Tran Hung Dao made military hardware and other supplies for the war effort. After the war ended in 1975, the company was converted to civilian use.

Until 1990, Tran Hung Dao made 6,000 small engines a year for use in tractors, water pumps and other agricultural equipment. All were taken away from the factory for distribution, and the company assumed its products were popular.

Last year, the company sold just 200 engines. Now more than half its 2,000 workers have been laid off. Tran Hung Dao is pinning its hopes on a joint venture with a South Korean company.

"At present, we are facing a shortage of work for the workers," says deputy director Mr Vu Duy Lieu. "We are suffering from many difficulties, such as a shortage of capital, obsolete equipment and old buildings. We also have to compete with large numbers of illegal imports from outside, which are better quality and cheaper than what we can produce."

The charge that illegal imports – mostly from China – are undermining state industry in Vietnam is heard regularly from those in charge of running the state system. However, foreign economists say the main problem these companies face is internal inefficiency, not outside competition.

It is not all gloom, though. Thang Long Garment Company is one state enterprise that has not only survived but has thrived under the new system of financial independence.

Throughout its 36-year history, the company has adapted well to the economic conditions of the time. In 1958, Thang Long was set up to export garments to the former socialist bloc countries in eastern Europe. When that market collapsed into political turmoil and the Comecon trading system was abolished, Thang Long had to find new markets fast. At the same time, the government in Hanoi withdrew much of its financial and planning support for state industry.

Five years later, the company's output has risen 30-fold and it now exports 4m items a year to Japan, other Asian countries and western Europe. With the lifting of the US economic embargo, it hopes soon to add North America to this list.

The secret of the company's success? First, it invested in new equipment and improved the quality of its products, rather than dropping its prices; and second, "We try to conform to the saying 'The customers are the gods' and we are trying to meet as many of our customers' demands as possible," says assistant general director Nguyen Van Do.

This enthusiasm for customer service is an indication of just how far successful state companies have moved away from the command economy of the past.

So far, most of the survivors have been light industrial companies, relying on cheap labour and high levels of output. Heavy industrial and engineering companies, which require expensive capital input, are generally doing much less well and will either face bankruptcy under new legislation or will require high levels of state support to survive.

The continuing existence of a state sector may not be a bad thing, though, according to some western economists in Vietnam. "There will be certain areas of the economy where public enterprises will certainly continue to exist," says Mr Roy Morey, head of the United Nations Development Programme in Hanoi. "Public utilities and those areas of the economy that are considered to be of strategic importance to the country – I would expect that these would continue to function."

NEWS: UK

UK part-time work rules 'in breach of EU law'

By John Mason and Lisa Wood

The British government's drive to create a flexible labour market suffered a substantial setback yesterday when the House of Lords ruled that UK laws on part-time workers' rights over redundancy pay and unfair dismissal are in breach of European law.

The law lords' ruling could add significant costs for employers as the government will be forced to bring the rights of part-timers into line with those in full-time employment.

The reactions of employers organisations to the Lords judgment was mixed. The Confederation of British Industry said it believed most employers would be "relaxed about the implications", while the Institute of Directors condemned the changes as "contrary to the interests of employers and employees alike."

The government suffered an equally severe blow when the law lords ruled at the same time that those bringing challenges over the government's implementation of EU law should be able to use the High Court's judicial review procedure rather than be forced to go to the European Court.

It is expected that this could lead to a significant increase in the number of politically controversial cases brought against the government by pressure groups and others.

The law lords ruled, by a majority of four to one, against the provisions of the Employment Protection Act 1978 which restricts the rights of those working less than 16 hours a week.

Under the act, part-time workers are only covered by unfair dismissal and redundancy pay provisions after completing five years continuous employment. Full-time employees qualify for these entitlements after two years.

The Equal Opportunities Commission, which brought the action against the government, had claimed this breached European law intended to outlaw discrimination in the workplace.

The government had maintained that the provisions struck a fair balance between employers and employees. It also argued that employees working fewer than 16 hours a week benefited since the lack of entitlements encouraged employers to take on more part-time staff.

The Lords ruled that the Act's provisions over redundancy pay breached article 119 of the Treaty of Rome, while those over unfair dismissal breached the Equal Pay Directive.

The government must now introduce new legislation to bring UK law into line with that of the EU. The Department of Employment said this would happen as soon as possible but it seems unlikely to be passed without strong protests from right wing and anti-European Tory MPs.

Part-time work is the growth area in the UK labour market, with about one-fifth of the 25m workforce.

Minister says dam cost rises were unusual

By Roland Rudd

Baroness Chalker, UK minister for overseas development, yesterday said she had opposed the British government's funding of the Malaysian Pergau Dam project on economic grounds.

She also told the Commons foreign affairs committee it was unusual for the cost of a project to rise in such a short time by as much as the Pergau dam had.

Under persistent questioning over the alleged link between the aid for the dam and a £1bn arms deal she conceded that it might be more accurate to describe the two policies "as independent rather than no linkage".

Baroness Chalker's evidence came as Lord Younger said on ITN news he alone had taken the decision to offer aid as part of an arms sale in the protocol. But he made clear he did so on behalf of the government. "I was secretary of state for defence not just an office boy".

It is understood that Lord Younger's intervention follows two private telephone conversations with Mr Douglas Hurd, the foreign secretary. Mr Hurd appeared to blame Lord Younger for the "incorrect entanglement" of aid and arms between March and June 1988 when he gave evidence to the foreign affairs committee on Wednesday.

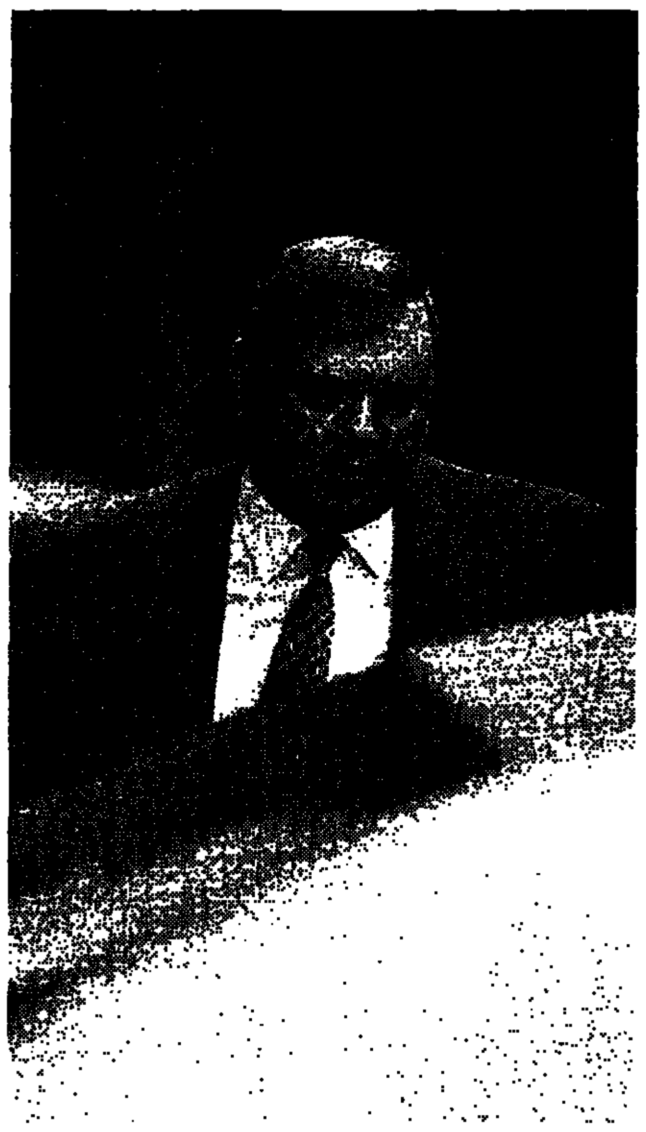
Baroness Chalker told the committee: "The minute George Younger got back to London [after signing the protocol linking aid to arms] other members of the government set about making sure that the protocol was withdrawn". But she argued: "At the same time it was in Britain's interests to continue to offer defence equipment to Malaysia".

She said: "I advised Douglas Hurd that from my perspective we should not proceed. The foreign secretary took a different view." She said Mr Hurd had informed Baroness Thatcher, the then prime minister, that she opposed the project on economic grounds.

It was only "marginally economic" at the original contract estimate of £316m. Sixteen days later the UK consortium, led by Trafalgar House and BICC, increased their estimate to £397m, which by 1991 rose to £417m.

Baroness Chalker said: "It was extremely unfortunate that they [the consortium] did not clarify the elements which were excluded from the first estimate. What was going on it is difficult to say."

She went on to disclose that Mr Chris Patten, the then minister for overseas development, had also been strongly opposed to funding the dam. And she accepted the suggestion that appraisal of the dam was conducted in two days because Baroness Thatcher wanted it completed quickly.



UK entrepreneur Mr David Brown, who has played a key role in the development of export markets for the Proton, Malaysia's national car, is seen leaving Downing Street yesterday after cabinet discussions certain to have centred on the breach in trade relations between the UK and Malaysia. Mr Brown is known to have maintained close contacts with Malaysia's prime minister and other key government figures since the late 1980s, when he founded Proton Cars (UK) Picture: Ashley Ashwood

Tories join condemnation of big executive pay rises

By Ivor Owen, Parliamentary Correspondent

Mr John Major, the prime minister, joined Mr Kenneth Clarke, the chancellor, in the Commons yesterday in condemning excessive pay awards to company chairmen and senior executives.

There were fierce protests from the opposition benches when both insisted that there was no case for government intervention – with the chancellor ruling out an increase in the top rate of income tax.

Mr Major recalled that it was in 1991 when he first stated that "excessive pay awards" were not justified. He had not altered his view that pay was a matter between employer and employee rather than for the government.

Mr John Smith, leader of the opposition Labour party, said that there was anger throughout the country over top people securing massive pay increases while others had to bear massive tax increases.

Undeterred by Labour jeers, the prime minister said Britain was "a free capitalist country" in which wage rates were determined by companies. He argued that Mr Smith's demand for government intervention undermined Labour's claim to have modernised its ideas and to be more understanding about the needs of free enterprise.

Mr Gordon Brown, the shadow chancellor, accused the government of having one tax law for company boardrooms and another for everybody else. He maintained that if executive share options were fully taxed there would be £200m available for public services. He pressed the chancellor to act over the "unacceptable face of capitalism".

Mr Brown condemned the tax-free handout secured by Mr John Cahill when he stepped down from the chairmanship of British Aerospace, and the £370,000 rise awarded in one year to Lord Young, chairman of Cable and Wireless.

Mr Clarke said he frequently urged restraint on British industry at a time when it was necessary to maintain competitiveness and low inflation.

Lloyds reduces cheque wait

By Alison Smith

Lloyds Bank yesterday became the last of the big four UK clearing banks to say that it would cut from three days to two the amount of time before it pays interest on a cheque paid into a personal account.

The move follows a high-profile and effective campaign from the consumer lobby and the opposition Labour party against the longer clearing cycle previously used by three of the four.

Midland and National Westminster announced changes in their practices last month. Barclays was already operating a shorter clearing period, and has recently capitalised on that fact while the other banks have been under pressure.

Lloyds said yesterday that from June customers paying in a cheque on a Monday would be entitled to interest on the Wednesday and have access to the money from the Thursday.

As a further change, a Lloyds bank customer paying cash into any of the bank's branches will be entitled to interest on it on the same day. The changes are estimated to cost Lloyds some £20m in lost income over a year.

Initially, the other three of the large clearers were reluctant to adopt Barclays' practice.

They argued that the interest gained by placing the money on the international markets for the extra day contributed to the £4.5bn costs of running the clearing system. They also said customers would not receive any significant benefit from crediting interest a day earlier.

But the publicity the clearing cycle attracted turned the time-lag into a customer issue, and so the banks bowed to pressure in order to remain competitive.

Mr Nigel Griffiths, Labour consumer affairs spokesman, is now turning his attention to the clearing cycle for building society current accounts.

Shipyard bidder attacks UK rival

By Chris Tighe

The French-based company preparing a bid for Swan Hunter said yesterday it saw the apparent interest of Vosper Thornycroft in the Tyneside shipbuilder as a "spoiler".

Mr Fred Henderson, leader of the Constructions Mécaniques de Normandie team planning to submit a bid to Swan Hunter's receivers later this month, said he believed Southampton-based Vosper was trying to make it more awkward for CMN to bid for the Tyneside yard.

CMN's acquisition of Swans would, he suggested, dilute the advantage of "British political push" for Vosper, which exports 95 per cent of output and is a rival of CMN in the international market for patrol boats and corvettes.

"They have a political edge on specific occasions which they would lose the exclusive use of," said Mr Henderson, chairman of UK-based CMN subsidiary CMN Support Services. "We have had situations politically where we've lost out to VT although a navy had chosen our design in preference to VT's. It was the British political push."

Vosper might be concerned, he added, that in the longer term CMN could make available to Swan Hunter French minehunter technology, another class of vessel where Vosper is strong.

Earlier this week, Vosper confirmed it had entered "exploratory and tentative" talks with Swans receivers Price Waterhouse but refused further comment, leaving its intentions ambiguous. It did not wish to speak further yesterday.

Swan Hunter went into receivership last May, following its failure to win a helicopter carrier against a consortium of VSEL and Kvaerner.

Since then, the yard has slimmed from 2,476 employees to 1,038, more than halving to £6m the redundancy liability for any purchaser. This is why it is only now that a firm bid is in prospect.

Power market may see more competition

By Michael Smith

Tens of thousands more UK electricity users be able to shop around for supplies in 1996 under potential changes which the industry regulator has asked the sector to consider.

The earlier than expected introduction of competition in the power market for small to medium businesses would almost certainly lead to a fall in bills.

Larger power customers have seen prices reduced considerably after moves to allow them to choose from a variety of suppliers.

In a confidential letter to regional electricity companies, Prof Stephen Littlechild, director general of electricity supply, says "there would seem to be scope" for extending competition to some consumers in two years rather than wait until the scheduled 1998.

His consultations, prompted by liberalisation of the gas market, will cause concern at some electricity companies. They have bought power supplies from generators until 1998 in the belief that their markets were secure and predictable. There are also doubts on whether metering technology is sophisticated enough to meet a 1996 target.

Under existing market liberalisation arrangements, only about 5,000 customers requiring peak demand of more than 1 megawatt, can choose their supplier. From next month this will extend to another 45,000 whose peak demand exceeds 100 kilowatts.

All other consumers are scheduled to remain in the "franchise", or non-competitive, market until 1998, when supply monopolies will be abolished.

In a two-page letter to the 14 regional electricity distributors in England and Wales and Scotland, Prof Littlechild accepts that full competition is not possible by 1996 but suggests examination of an "interim franchise reduction" or several smaller steps.

Prof Littlechild's office said yesterday that he had no firm views on whether the introduction of competition should be speeded up but he wanted to explore the possibilities.

Prof Littlechild noted that the government's decision to introduce competition to 5 per cent of the domestic gas market in each of 1996 and 1997 before British Gas's monopoly on domestic sales is abolished fully in 1998.

Separately a report today in Power UK, a new Financial Times newsletter, says lower metering costs than expected will make the evolution of a competitive market after 1998 much more likely. This, it says, will fundamentally challenge the security of the companies' investment in generation tied to long-term power contracts.

BT video trials use French and US technology

By Andrew Adonis in London and Louise Kehoe in San Francisco

British Telecommunications yesterday said its video-on-demand trials will use technology developed by North American and French companies.

Two trials are planned for this year. The first, covering 70 BT employees in Kesgrave, near Ipswich, will be a technical trial; it will be followed later this year by a commercial trial covering 2,500 residents in a place yet to be decided.

The trials will pilot two technologies: the use of ADSL electronics to upgrade copper wire to carry video pictures; and the more ambitious option of extending fibre-optics into the home.

Northern Telecom, the Canadian telecoms manufacturer, has won the contract for the ADSL equipment. Alcatel, the French supplier, will provide the fibre technology.

Three US companies – Oracle, nCube and Apple Computer – will supply software and hardware. Oracle will provide software and systems integration services; nCube will provide multimedia server hardware; and Apple Computer will supply "set top boxes" to decode the digital multimedia signals.

The technical trial will be limited to programming, using material supplied by broadcasters including the BBC, Carlton Communications, London Weekend Television and Granada. The commercial trial may extend to information services, including shopping and travel, but BT declined to specify.

For Oracle, the BT selection represents a third significant contract in the emerging interactive television field. US West and Bell Atlantic, two US regional telephone companies, have adopted Oracle technology for their planned interactive television services.

On the basis of the experiments, BT will decide whether to proceed with a massive investment – about £15bn – to upgrade its network to provide broadband services.

Until recently, BT insisted that the government's ban on it providing entertainment services until at least 2001 made it uneconomic to extend fibre down to the local network.

Participants in the initial trial will be able to call up more than 250 hours of programming through video remote control devices.

The material is then transmitted from a central database over the upgraded telephone network to the viewer's television.

University intakes likely to rise

By John Authers

English universities will admit slightly more new students this year than they did in 1993, despite government plans announced in the budget, to cut intake by 3.5 per cent.

Prof Graeme Davies, chief executive of the Higher Education Funding Council for England, said yesterday that the treasury and education department had overestimated the number of students already in the system by 10,000 – equivalent to the total student body of a large university.

Despite the error, university vice-chancellors predict the total number of disappointed place-seekers will increase, as early figures from the Universities and Colleges and Admissions Service suggested a rise of about 10,000 applicants.

The Funding Council, the quango in charge of distributing government grants to English universities and higher education colleges, yesterday announced the total grants it would pay to each institution for the next academic year.

For the first time, it has set targets for the maximum number of students enrolled in each institution, to help the government's plan of halting university expansion.

The council will apply a financial "cap" so that universities will receive no extra funding for any students they take on above their target figure.

This follows several years of expansion which last year saw "old" universities – excluding former polytechnics – increase their intake by 7 per cent, while total numbers in higher education in England rose by 11 per cent to nearly 700,000.

The Committee of Vice-chancellors and Principals described the government's policies as "stop-go", and claimed that quality was at risk.

Oxford and Cambridge are among the greatest gainers from the reallocation of government grants to universities for the academic year 1994-5.

Both received increases of 5.8 per cent over this year's total funding. Only the London Business School and the Open University are ahead of them.

Professor Davies said both universities had benefited from a reassessment of research funding. They also avoided being penalised for over-expansion last year.

Less traditionally prestigious universities which also secured funding increases of more than 5 per cent included the universities of Coventry, Plymouth, and Portsmouth, all of which were polytechnics until two years ago.

The London School of Economics and Political Science, educator of numerous world leaders, is one of nine universities limited to a below-inflation increase of only 1 per cent. Bristol, another traditionally prestigious university, is also among the nine.

Last year the LSE announced a plan to charge students an extra fee for tuition, claiming this would be necessary to maintain academic standards. This was eventually voted down by lecturers, but the move indicated that the LSE was unhappy with its level of funding.

Some specialist institutions that do not have university status enjoyed spectacular shifts in funding. Lackham College of Agriculture near Chippenham secured the greatest rise with an in grant of 55.4 per cent.

● The government's student loans scheme should be privatised, with repayments collected via national insurance contributions, a group of LSE academics claim in a new report.

They say government spending per student has reduced by more than a third in real terms between 1974 and 1990, and "the result has been an erosion in quality".

Student loans are organised by the Student Loans Company, an education department quango, and repaid in fixed instalments similar to a mortgage. The LSE academics say that by asking students to repay their debt via paying an extra percentage point of their income on national insurance contributions until the loan is fully repaid, the deterrent to potential students is minimised.

Where the money goes: university funds 1994-95

Winners	Increase on 1993-94 (%)
London Business School	6.8
Open University	6.2
Oxford	5.8
Cambridge	5.8
Portsmouth	5.4
Coventry	5.3
University College, London	5.2
Cranfield	5.1
Plymouth	5.1
Sussex	5.0

Losers	Increase on 1993-94 (%)
Aston	1.0
Bradford	1.0
Bristol	1.0
Liverpool	1.0
Goldsmiths' College	1.0
London School of Economics	1.0
Queen Mary/Westfield College	1.0
Newcastle upon Tyne	1.0
Salford	1.0
[illegible]	1.1

Source: HEFCE

Britain in brief

Railtrack sets £144m line charge

Railtrack, the company set up to take over the infrastructure of the national railway system from British Rail, will charge metropolitan transport authorities an extra £144m in 1994-95 for the use of lines and signalling equipment.

This is the first sign of increased costs for local rail travel, as British Rail privatisation takes effect, prompting warnings of cutbacks in services. In the past, BR charges to passenger transport authorities did not reflect the cost of infrastructure.

Railtrack's calculation of its charges follows demands by the government that it should make a 5.6 per cent return, rising to eight per cent, on its assets. The government has promised to meet the extra charges of the passenger transport authorities for fiscal 1994-95 but there are no arrangements thereafter.

Writ issued against BA

Mr Harry Goodman, former chairman and chief executive of Air Europe and International Leisure Group, last night said he had issued a writ against British Airways and a number of its directors, managers and agents.

Air Europe collapsed in March 1991 with debts of about £400m and the loss of more than 3,000 jobs.

Rise in volume of book sales

The volume of books sold in the UK has increased by between 5 per cent and 10 per cent over the past 18 months, according to a survey by Book Marketing, the book industry research group.

Puzzle and quiz books have overtaken romantic fiction as the single largest category of books sold over the last five years, according to the group.

Joint venture for Cardiff deal

A joint venture between Balfour Beatty, part of BICC engineering group, and Costain is favourite to win the main construction contract for the £152m Cardiff barrage, one of Europe's biggest building projects.

The Cardiff Bay Development Corporation meets today to discuss the decision, which is expected shortly.

The value of the contract to the joint venture – 60 per cent Balfour Beatty and 40 per cent Costain – is thought to be worth more than £100m.

Port agreement for Immingham

Associated British Ports, Britain's largest ports operator, has signed a long-term agreement with the DFDS Group, to extend facilities for roll-on, roll-off ferries at Immingham.

ABP will invest around £13m to replace the single berth used by DFDS for its service to Cuxhaven, Germany, with a new R-O terminal with up to four berths.

Work involving the excavation of 20,000 sq m at the south-west arm of the port, and increasing the terminal from 11 to 35 acres, is due to be completed by April 1995.

DFDS is to concentrate its Humber links with Sweden, Denmark and Germany at the expanded Immingham terminal early in 1995.

Manchester bid makes a profit

Manchester's failed bid for the 2000 Olympic Games made a surplus of £1,626 on income of £5.59m, according to final accounts published yesterday.

The bid cost more than £8m, but about £3m was given in kind by corporate sponsors. The biggest single costs were salaries at £640,330 and visits by members of the IOC at £564,990.

PUBLIC NOTICES

ELECTRICITY NOTICES

Electricity Act 1989

The Electricity (Applications for Licences and Extensions of Licences) Regulations 1990

Take notice that South Wales Electricity plc has applied for an extension to its Private Electricity Supply Licence to Supply Electricity (England and Wales) and its Private Electricity Supply Licence to Supply Electricity (Scotland) in the following terms:

1. Full name of applicant(s): South Wales Electricity plc.
2. Address of the applicant(s) or, in the case of a body corporate, the registered or principal office. Newport Road, St Mellons, Cardiff CF3 9XW.
3. Where the applicant is a company, the full names of the current Directors and the company's registered number: *Executive Directors:* John Wynford Evans, Andrew John Walker, David Rees Myring, Michael David Mackey, David Ronald Gibbard. *Non-Executive Directors:* Sir Peter Phillips, Peter W L Morgan, David Prosser, David Kendall, Mrs Vivien Pollard. Company Registered Number: 2366985.
4. Where a holding of 20 per cent, or more of the shares. (See Note 1) of an applicant is held by a body corporate or partnership or unincorporated association carrying on a trade or business with or without a view to profit, the names(s) and address(es) of the holder(s) of such shares shall be provided: Not applicable.
5. Desired date from which the licence is to take effect: 1st April 1994.
6. A sufficient description adequately specifying (see Note 2) the nature and situation of the premises intended to be supplied, separately identifying premises within the power bands specified in and to the extend provided by paragraph 7 below:
   All premises other than those which during the franchise period have a maximum demand at or less than the franchise limit in the authorised areas of the following public electricity supply companies together with such premises as may from time to time be specified by the Director (with the approval of the Secretary of State) for the purposes of Paragraph 5 of Condition 2 of South Wales Electricity plc's 2nd Tier Supply Licence.
   Eastern Electricity plc — Seeboard plc
   East Midlands Electricity plc — Southern Electric plc
   London Electricity plc — South Western Electricity plc
   Manweb plc — Yorkshire Electricity Group plc
   Midlands Electricity plc — Scottish Hydro-Electric plc
   Northern Electric plc — Scottish Power plc
   Norweb plc
7. a) Subject to sub-paragraph (b) indicate the total number of premises intended to be supplied in each power band as shown in the table below, together with the aggregate energy forecast to be supplied and the aggregate estimated maximum demand (see Note 3) for each power band.
   b) If the date in paragraph 5 above is on or after 1st April 1994 then only Power Band A shall be completed and if the said date is on or after 1st April 1998 then this paragraph shall cease to have effect.

Power Band	Number of Premises	Aggregate Maximum Demand	Energy (GwH) to be Supplied
(A) Not exceeding 0.1 MW	None		
(B) Exceeding 0.1 MW but not exceeding 1.0 MW			

8. A description of the system of electric lines and electrical plant by means of which the applicant intends to supply electricity, indicating which plant and lines are to be constructed and which are existing plant and lines, and further identifying any parts of that system which will not be owned by or otherwise in the possession or control of the applicant:
   The National Grid Company plc
   Eastern Electricity plc — Seeboard plc
   East Midlands Electricity plc — Southern Electric plc
   London Electricity plc — South Western Electricity plc
   Manweb plc — Yorkshire Electricity Group plc
   Midlands Electricity plc — Scottish Hydro-Electric plc
   Northern Electric plc — Scottish Power plc
   Norweb plc — or any authorised Electricity Operator
9. A statement of the extent (if any) to which the applicant considers it necessary for powers under Schedule 3 (compulsory acquisition of land etc) and under Schedule 4 (other powers etc) to the Act to be given through the licence for which he is applying:
   As laid down in the Public Electricity Supply Licence granted to South Wales Electricity plc on 26th March 1990.
10. Details of any licences held, applied for or being applied for the applicant in respect of the generation, transmission or supply of electricity:
    Public Electricity Supply Licence — L/DE/019/PES
    Private Electricity Supply Licence England and Wales — L/OF/T22/2TS
    Private Electricity Supply Licence Scotland — L/OF/121/2TS

Copies of maps relevant to this application are lodged in accordance with Regulation 6 of the Electricity (Applications for Licences and Extensions to Licences) Regulations 1990 at Regional Offices of the Office of Electricity Regulation. Copies are available for inspection by the public between 10 am and 4 pm on any working day.

Dated this 25th day of February 1994

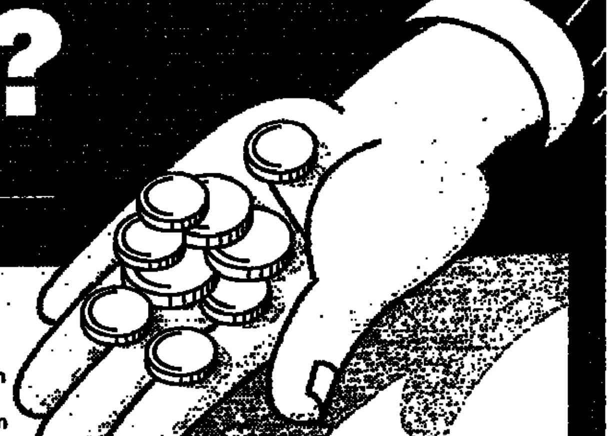
E A Roberts

Company Solicitor

APPOINTMENTS

CAN EUROPE COMPETE?

Financial services

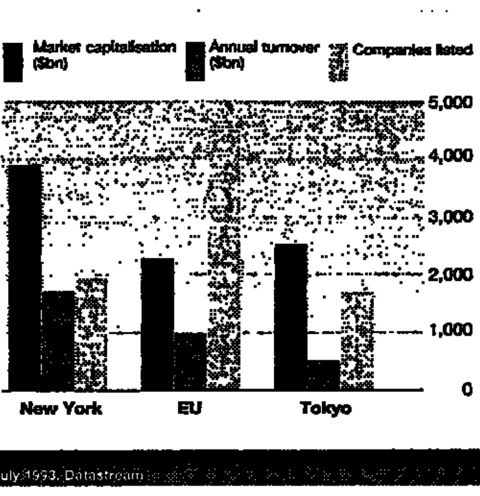


Equity markets remain divided...

Equity markets 1992

	Market capitalisation $bn	% of EU's market capitalisation	Annual turnover $bn	Number of companies listed
London	980.3	44.1	340.6	1878
Germany*	342.2	15.4	399.8	425
Paris	340.6	15.3	115.0	515
Amsterdam	177.6	8.0	45.4	251
Madrid	120.7	5.4	33.8	401
Milan	119.7	5.4	26.8	228

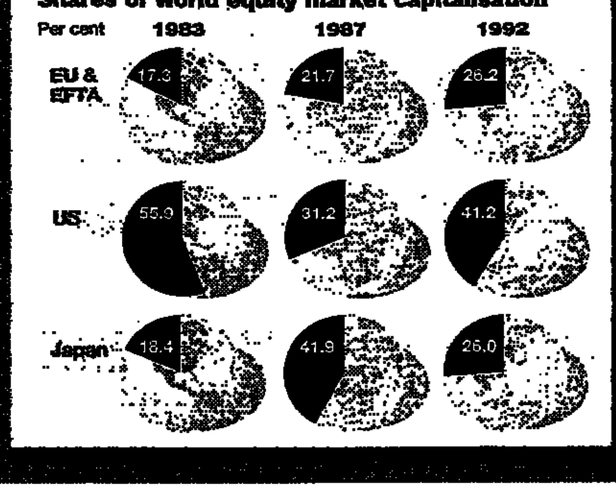
* All markets



Source: London Stock Exchange Quality of Markets Review; The Banker July 1993; Datastream

...as US capital dominates

Shares of world equity market capitalisation



Investment banks

DEUTSCHE BANK
Tier 1 capital: $11.3bn
Market capitalisation: $23.5bn
Assets: $303.8bn

MEDIOBANCA
Tier 1 capital: $1.6bn
Market capitalisation: $4.0bn
Assets: $14.6bn

PARIBAS
Tier 1 capital: $9.3bn
Market capitalisation: $7.8bn
Assets: $203.9bn

UBS
Tier 1 capital: $12.8bn
Market capitalisation: $17.6bn
Assets: $18.3bn

MORGAN STANLEY
Tier 1 capital: $510m
Market capitalisation: $5.3bn
Assets: $80.3bn

SCHRODERS
Tier 1 capital: $699m
Market capitalisation: $2.0bn
Assets: $9.1m

S.G. WARBURG
Tier 1 capital: $1.4bn
Market capitalisation: $3.0bn
Assets: $29.1bn

Figures for Tier 1 capital and assets from July 1993 Banker. Market capitalisation at year end 1993

Formidable rivals on a shifting battleground

Despite growth in the size Europe's capital markets and the expertise of its investment banks, they are likely to continue to lag behind their US counterparts, say John Gapper and Tracy Corrigan

In the battle for dominance of global financial services, both the opponents and the battleground have changed since the turn of the decade.

For much of the 1980s, European banks saw their main competitors as the Japanese, and the competitive arena as the mainstream business of lending money. Now receding competition from Japan has been replaced by an intrusion from the US, with banks competing to underwrite and trade securities rather than extend loans from their own balance-sheets.

This time, it is the big US investment banks, enriched by a boom in US equity and bond markets, which have flocked to Europe to exploit the gradual liberalisation of financial markets. They are proving formidable competitors as Europe struggles to develop a more powerful and integrated financial services industry of its own.

The battle to lend money overseas left many casualties. Many banks with international aspirations lost faith after becoming entangled in bad debts and, in many cases, retired nursing wounds. According to the Bank for International Settlements, international bank credit dropped from $465bn in 1990 to $80bn the next year.

Banks which extended their domestic retail networks abroad lost money as they were too small to achieve economies of scale. Only a few European banks, such as Deutsche Bank and Crédit Lyonnais, have maintained a policy of pursuing cross-border retail banking.

At the same time, large companies have moved away from raising capital through bank borrowing. Especially in the US, companies have turned to bond and equity markets to raise finance, placing investment banks that help companies raise money from capital markets at the cutting edge.

US investment banks start from a strong base. The US has a bigger pool of mobile capital because it is the world's largest economy and has independently-managed pension funds. Such pension funds are not as strong in Europe, outside the UK and the Netherlands.

This means European companies – and governments which are privatising state-run enterprises – look to the US for capital, and often hire US investment banks as intermediaries. "There is no doubt the US banks have an enormous edge there," says Mr George Mallinkrodt, chairman of the UK investment bank Schroders. "They talk all the time to a group of investors who are very powerful. There is no conduit like that in Europe, though it will come in time."

Mr Walter Gubert, head of the European management committee for J.P. Morgan, the US bank, says US capital markets are likely to remain dominant. "Even if Europe develops stronger flows of capital, the US will, if anything, become a more important source of funds, and European companies will have to take account of that," he says.

Their strong position has allowed the New York investment banks to invest in technology and highly-trained professionals. This has helped to give them an edge in developing capital markets, and in pricing and trading new financial instruments.

In the past two years, huge amounts of capital have been flowing out of the US, stimulated by low US interest rates and a search for higher-yield investments. About 5 per cent of US pension fund money – some $200bn – has been switched overseas. A further $800bn would flow out if US funds allocated the same proportion of portfolios to other countries as UK funds.

European investment banks such as Paribas in France, Mediobanca in Italy and Schroders and S.G. Warburg in the UK have strong domestic businesses. But they have drawn many techniques from the US. These include securities underwriting methods; the use of capital to trade on their own rather than clients' behalf; and computer-based pricing models to calculate the value of derivative products.

Mr Rudi Mueller, chairman of Union Bank of Switzerland in London, says that the power of the US market helps its banks to export home-grown techniques to Europe. "They still have the largest pool of top professionals, and that means that they can transfer their know-how faster," he says.

The lack of a large pool of mobile capital is not the only challenge facing Europe. Others include:

- **Financial centres:** Because Europe has several centres offering securities trading, demand for stocks is fragmented, and the methods of buying and selling them vary. Although competition between centres such as London and Frankfurt may reduce costs to investors, Mr Mueller argues that one market would attract liquidity. "If we could create a more meaningful European bourse, the cake would grow for everyone," he says.

Mr Andre Levy-Lang, chairman of Paribas, says that the fact that capital markets are not linked makes it difficult for Europe to act as a single force against Japan or the US. "I think that is a crucial issue for Europe's chance of competing against other regions," he says. The US, of course, has competing exchanges too, but the size of the US capital market means each can attract enough liquidity to make an efficient market.

- **Conservative companies:** European companies rely more on loan finance, and lack expertise in capital markets. Mr Mueller says that European corporate treasurers are catching up, but that "in the past, the European finance director tended to be more conservative about trying something new".

One area in which European companies lag behind their US counterparts is in gaining ratings from agencies such as Moody's to encourage investors to buy their debt. Some $545bn was borrowed in the US commercial paper market in 1992, against $79bn in the Euro-commercial paper market.

"The credit issue is a serious issue for the Euromarket," says Mr Charles McVeigh, co-head of European investment banking for Salomon Brothers. "More credit work should be done by financial intermediaries to allow investors to have a broader appreciation of corporate credit risk. The unwillingness of some European companies to obtain credit ratings adds to the problem."

- **Asset fragmentation:** Small assets such as home mortgages, which are often packaged into securities and sold to investors in the US, cannot be bundled together easily in Europe. Because of different jurisdictions and national customs, it is almost impossible to mix assets from various countries.

Yet the multinational nature of European capital markets gives both them and investment banks operating within them strengths as well as weaknesses. The fact that they operate across borders within their home region helps to develop techniques that are transferable across the world.

With London as the centre of the world's foreign exchange market, European investors have proved more sophisticated in understanding currency risk than US ones. The Eurobond market – through which $400bn was borrowed last year – is the only large multi-currency bond market.

The development of a liquid global swaps market in the 1970s and 1980s, allowing borrowers to exploit cheap financing costs in one currency and then swap the proceeds into a second currency, encouraged opportunistic borrowers from all over the world to tap the Eurobond market.

Europe's position between the Asian and US time zones has also proved an advantage. Underwriters of Eurobond issues can start selling into the Far East at 7am, and at 1pm address the US market. The advent of the global bond – traded and settled in any time zone – has further enhanced this role.

European investment banks have gained expertise by having to operate in such complex markets. The heads of such banks also argue that they gain by being consistent, rather than entering markets in profitable times and leaving them when they slacken – a tendency of US banks in the past.

Mr Levy-Lang of Paribas says that the bank has an advantage in recruiting staff in volatile markets such as those in the Asia Pacific because of its consistency. "We can attract some very good people out there who are afraid of the stop-go approach of some of the American banks," he says.

Europeans can also claim advantages from being less aggressive than US banks in using their own capital for trading. Mr Mallinkrodt says this encourages their clients to trust them. "If you abdicate from putting your capital into markets, the first opportunity goes to the funds that you manage," he says.

Yet the uncomfortable fact is Europe still trails the US in terms of the size of capital markets; the strength and expertise of investment banks; and the amount of capital. In each, Europe's resources are growing, but not necessarily fast enough to catch up with the US.

Day of reckoning looms on pensions

Pension funds

By Norma Cohen

How the European Union's capital markets develop in the next few years will depend in part on how governments tackle the dilemmas they face over providing pensions for their ageing populations.

On one hand, shrinking workforces and growing numbers of retired people are likely to impose intolerable strains on existing European state pension schemes. On the other, large amounts of capital from people forced to provide for their own retirement could be drawn into private savings and investment. If governments seize the chance, this flow of funds could help stimulate diversified and flexible capital markets across Europe.

At present, most west European states rely mainly on so-called pay-as-you-go schemes for state retirement provision, in which younger working people effectively finance their parents' pensions. But the greying of the EU's population is putting such schemes under extreme pressure. Governments will soon face a painful choice between cutting benefits and imposing swingeing tax increases to finance the rising pension bill.

Already most EU countries have raised retirement ages for women and lengthened the number of years of employment needed to qualify for the maximum state pension. But these changes are only a start; to go further means entering a political minefield.

A more palatable approach has been developed in North America, the UK and the Netherlands. There, private pension schemes have developed large pools of capital by extracting contributions from both workers and employers. The resulting combined savings have not only eased pressure on state-funded retirement provision but had a dramatic impact on domestic and foreign capital markets.

In the UK, an estimated £350bn in pension scheme assets means pension funds own at least 30 per cent of the UK stock market. Now, most other European countries are studying whether to adopt funded private schemes.

According to Mr Karel Lanoo, researcher with the Brussels-based Centre for European Policy Studies, the difficulty governments face is that fiscal incentives are needed to encourage greater private pension provision. "You are asking people to do this while they are still paying significant taxes for those currently receiving pension benefits." But offering tax incentives means less cash for today's pensions bill.

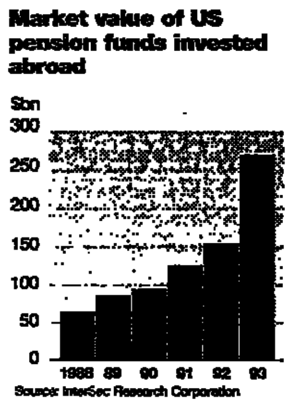
Italy has forced through unpopular measures modestly limiting the availability of state pensions. Tax incentives have been made available and a nascent personal pensions sector now exists.

The French government, by contrast, plans to provide for funded private pension schemes to complement the pay-as-you-go system. But it has postponed this until the autumn, in part because of concern about the impact of such schemes on public finances and personal consumption.

Switzerland, which has long operated a funded scheme for its state pensions, introduced mandatory requirements for employers to contribute to funded private pension schemes for their workers in 1985. Switzerland is one of only four European countries where pension scheme assets exceed those of insurance companies.

Even if EU member states develop pools of pension assets, they have yet to resolve how these funds can be invested to maximum effect.

Market value of US pension funds invested abroad



Source: InterSec Research Corporation

The Anglo-Saxon style of equity-based investment and geographically spread pension portfolios is alien to most EU countries, which prescribe limits on pension fund investments, by currency and class of asset – favouring domestic fixed-interest securities.

In Germany, which has a relatively small independent pension sector, no more than 5 per cent of assets may be invested in non-German assets and no more than 30 per cent in equities. Denmark requires that 60 per cent of assets be invested in domestic government and mortgage bonds.

Such restrictions usually spell lower returns. They have also constrained the growth of institutional investment and international equity markets in Europe.

The European Federation of Retired People, a grouping of occupational pension providers, says the UK and the Netherlands, with almost no restrictions on investment, accounted last year for about 93 per cent of all EU pension fund investment outside its own currency area.

The issue of the restrictions has proved so thorny that a proposed EU directive intended to liberalise pension fund investment has been temporarily shelved. It would have barred countries from insisting on minimum investments in asset classes, allowed pension schemes to invest up to 40 per cent of assets in non-domestic currencies and allowed a pension scheme to hire a non-domestic investment manager.

The problem, according to Mr Giovanni Tamburi, partner at consulting actuaries R Watson in Geneva, is that governments have confused the question of how best to finance retirement provision with other social goals, such as bolstering domestic industry or reducing public borrowing.

There is no doubt that investment restrictions can seriously undermine returns for private pension schemes. Moreover, the US and UK experiences of pension schemes and voluminous academic research establish an overwhelmingly strong case that diversification of portfolios reduces risk.

The lesson of diversification has not been lost on US pension fund managers, who until a decade ago largely shunned foreign investments. They now put an average of 6 per cent of their $4,000bn in assets abroad, according to InterSec Research, which specialises in tracking pension fund investment. "There is a top tier of managers of larger funds who are putting as much as 15 per cent of assets abroad," according to Ms Alexe Nowakowski, associate consultant at InterSec. InterSec estimates that, in the first half of 1993 alone, close to $30bn in net new cash was sent abroad by US pension scheme managers in search of higher returns. Of that, only 15 per cent was specifically destined for Europe.

Europe, by contrast, has hardly begun to resolve how to generate and channel institutional capital of this kind, or, more generally, how to structure and finance pension provision. As the new century approaches, the options for pensions provision narrow and the day of reckoning looms closer.

Lending climate tightens banking disciplines

Small businesses

By John Gapper

The largest European economy was rebuilt from the devastation of the last world war by partnership between banks and small and medium-sized enterprises. Yet whether that outstandingly successful record can succeed is now in doubt as Europe faces up to cyclical and structural challenges.

The German Mittelstand remains a thriving, stable layer of enterprises largely funded by long-term and fixed-rate finance. Some is in loans financed by development banks led by the Kreditanstalt für Wiederaufbau (KfW), the public sector agency which in 1992 lent DM29bn to the sector through banks.

This system is admired around the world for the stability it contributes to small business development. But Mr Klaus Juncker, Deutsche Bank's chief operating officer for corporate banking, says it faces a test from recession and industrial restructuring forced by unification.

"Even if there is a turnround in the economy, we will still have structural changes in many industries," says Mr Juncker. He argues the system will survive if banks stay close to their customers and use networks of industrial relationships to analyse risk properly.

Yet the increased risk of financing small and medium-sized businesses in recession has already damaged similar relationships elsewhere. Tensions between banks financing small businesses and enterprises borrowing capital have spread across Europe over the past six months. This matters especially in Europe where small businesses tend to rely more than their US counterparts on loan finance from banks.

The failure of thousands of small and medium-sized British enterprises which used short-term debt and overdraft finance for working capital has caused a shock. "The relationship has been weakened on both sides," says Mr Stuart White, head of small business at Midland Bank in the UK. And in France, a wave of small business failures led banks and business groups to call for help last year. The government has been forced to take a series of measures to help stimulate lending to small and medium-sized firms, including injecting Ffr300m into a loan guarantee fund called Sofaris.

The strain on relations between banks and small and medium-sized enterprises has big implications, both for financing growth and for the banks themselves. Retail banks have become more dependent on small companies for revenue as large companies switch borrowing to capital markets.

The main problem in lending to small business is that while the returns are high, so are the risks. German banks which take on the credit risk even of KfW loans do so only after very careful analysis. Mr Gunter Bräunig, the KfW's head of branch operations, argues the German system depends on analysis of the company which is borrowing money and on an emphasis on long-term finance. Some 31 per cent of finance for small companies in Germany is in long-term loans, against 11 per cent in the UK. This stability comes at a price. German banks gain a lot of useful knowledge from their holdings of equity and loans in many industrial sectors.

The German savings banks, which provide most small business finance, can sustain large branch networks and a strong local presence partly because they face no pressures from shareholders to cut costs. Savings banks protest they might lose touch with customers if privatised, as some German politicians have urged.

Yet the pressure both for privatisation and the formation of independently-managed pension funds in Europe could bring disciplines of short-term profitability much more sharply to bear on banks. With fewer staff, they might find it harder to assess well the risks of lending to small firms.

The prospect that financing for small firms might then dry up seems remote. In the UK, bank lending to small firms rose sixfold in real terms in the 15 years to 1992. Banks have little choice but to continue to do business with small firms, given the paucity of other forms of corporate lending.

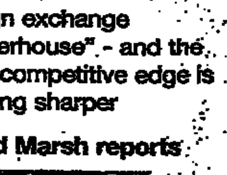
But that does not mean that they will have to lend money to all the firms they did in the past. Nor does it mean they will lend on the same terms. Without public subsidies – which French and British banks have been calling for over the past year – banks may be far more selective about making short-term loans at variable rates to companies they cannot fully understand.

Powerhouse holds its ground

CASE STUDY: Barclays

London is the world foreign exchange "powerhouse" - and the UK's competitive edge is growing sharper

David Marsh reports



In a large open space enclosed by cream-coloured walls and crammed with computers, foreign exchange traders munch bananas, drink mineral water and wait for something to happen. The dealing room of the Barclays banking group next to the Tower of London forms a hub of the world-wide foreign exchange market that transacts $1,000bn a day.

Like seismologists, dealers await the next earthquake. The better-paid may anticipate or even provoke it. "You go through periods of indescribable boredom," says Mr Christopher Taylor, head of sales at Barclays' global foreign exchange operations. "Then things take off, go crazy and become *totally* calm again."

The size and sophistication of the trading floor are reminders of the City of London's international prowess. This is one economic sector where the UK, unusually, is ahead of the field. London's share of volumes traded on international currency markets, estimated at one-third of the total, is well ahead of competing European centres, and is judged to be growing at the expense of New York and Tokyo.

But the brain power and technology focused on managing financial market risks highlight a basic uncertainty in European business. "The foreign exchanges give the opinion of the world on political events," says Mr Taylor, a 36-year-old specialist in options and derivatives. Since 1992, European currency relationships have become much more volatile. Mr Taylor does not think Europe's plans for monetary union will be realised. "Countries' economies cannot be synchronised."

Along with others like Citibank and Union Bank of Switzerland, Barclays is among the half-dozen international banks that dominate the market in foreign exchange. The big market-makers give their customers the chance both to guard against and to profit from currency movements by providing buying and selling prices 24 hours a day.

Because of the risk to banks' capital of exposure to large exchange rate changes in a narrow-margin, high-volume business, market-making requires in-depth management expertise. "A lot of our brain power does not go into trading. It goes into [monitoring] risk."

The Barclays foreign exchange and money market trading room employs 250 to 300 dealers, trading 96 currencies. Mr Taylor says. "There's a tendency for money dealing to gravitate towards London, to pool liquidity in one centre. The powerhouse is here."

Although markets may go through periods of relative stability, Mr Taylor says, "market making is not as scientific as in the past, where prices moved smoothly from one level to another. Trade and volume are increasing, but liquidity is becoming less reliable. That's why we see markets moving more suddenly. It's a nightmare for market makers."

None the less, periods of nervousness, giving rise to large price movements and sizeable dealing spreads, are the ones where market-makers earn the biggest profits. The banks hope the next nightmare will not be too long delayed.

This is the seventh part of a ten-part series. Next Monday: European markets

FINANCIAL TIMES SURVEY

WORLD TYRE INDUSTRY

Friday March 4 1994

Out of the black, into the red. That is the picture painted by the financial results of some of the world's leading tyre makers. But amid this gloom, **John Griffiths** finds some comfort, as the industry prepares for a revolution in manufacturing techniques

Deflated, not punctured

Tyres, often described dismissively as *small*, round and black, are made by an industry which is big – nearly $55bn turnover last year – global and at present streaked with red.

Some 15 months ago the world's six biggest tyre makers, who between them control nearly 80 per cent of all sales, thought they were about to be compensated for recession-induced job cuts and other painful restructuring.

They expected recovery to take firm root, and to reap profits from their leaner operations as vehicle sales expanded and consumer confidence rose in the important replacement tyre sector.

Instead, sales in North America, the world's biggest tyre market, have remained flat. In western Europe, the second biggest market, new car sales last year suffered their steepest decline since the second world war, plunging by more than 14 per cent. The truck market fared even worse, down 28 per cent.

Latin America proved a bright spot as a result of expansion in Brazil, and parts of the Asia-Pacific region continued their strong growth (from a small base). But with Japan and its motor industry also in the doldrums, overall conditions last year should have provided little to cheer about for the tyre makers.

When the full roll call of financial results becomes available over the next few weeks, they will show that for most of the big manufacturers profits either fell sharply again or there was a descent back into red ink.

The notable exception was Goodyear Tire and Rubber, demoted from first to third in the world league table of producers, but still the clear market leader in North America.

Goodyear dipped into losses for the first time in many years at the start of the 1990s. But the ensuing restructuring throughout its operations left it leaner and fitter to take advantage of the considerable upturn in original equipment and replacement market business which did take place in North America at least in 1992.

Meanwhile, incoming chairman Stanley Gault was quick to dismantle some of the ossified Goodyear retailing and distribution structures in North America. The dedicated Goodyear brand outlets which had long formed the backbone of Goodyear's replacement market sales in North America were opened to competition from Goodyear's second-tier brands like Kelly-Springfield, and a determined pitch made to supply the "own brand" market of big independent retailing chains such as Sears Roebuck. Partly as a result of this, Mr Gault was able to report last month increased market share inside North America and worldwide tyre sales for the company up 4.2 per cent over the whole year.

Goodyear's results continued to be helped by disposals of non-core businesses and the activities of non-tyre subsidiaries. Nevertheless, income before extraordinary items and accounting changes was up 33.1 per cent to $488.7m, the second highest in the company's history. More importantly, operating margins continued to improve, particularly in the final quarter.

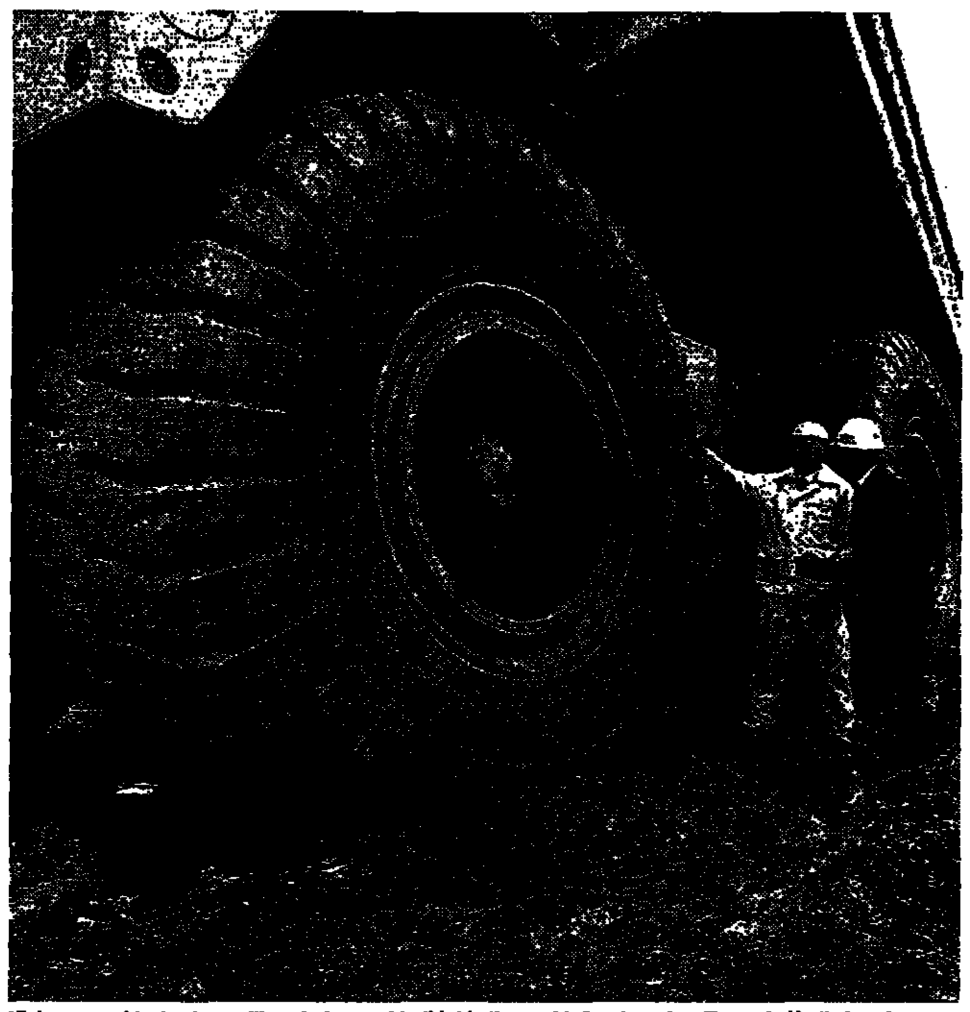
That, at least, bodes well for the industry as the other big players seek to repair ravaged profit and loss accounts. Groupe Michelin of France, now the clear world market leader following its acquisition of Uniroyal Goodrich of the US several years ago, is expected to show very substantial losses for 1993 after reporting a net interim loss of just over $600m.

However, such a gloomy figure reflects not terminal decline but the very radical restructuring Michelin has undergone – at high short-term cost – in order to knock itself into more efficient shape for when recovery does set in.

Indeed, analysts believe that so much cost has already been taken out of the business that Michelin will move quickly back into substantial profit this year even in the absence of significant market growth.

In just over two years some 15,000 jobs have been lost world-wide. The company is in the middle of a FFr3.5bn ($580m) cost-cutting programme on top of a similar, FFr3bn exercise during 1991 and 1992. Not surprisingly, the treatment of these exercises as extraordinary provisions has made profit and loss accounts look grim, with some $460m included in 1993's first half results.

Nevertheless, "we are confident that we can reorganise the business so that when real recovery occurs in Europe or the US we will be in a position to take good advantage of it", said one senior Michelin executive. "By the end of 1994 we don't exactly expect the situation to be wonderful but the assimilation and restructuring of Uniroyal Goodrich should have been completed and we can go for growth."



High-powered technology: although demoted to third in the world, Goodyear is still tops in North America

Bridgestone of Japan, whose purchase of Firestone of the US in the late 1980s swept it into second place in the world rankings ahead of Goodyear, has also had a great deal of difficulty absorbing its large acquisition, and its problems have been increased substantially by the steep downturn in vehicle and tyre markets in Japan, and the inexorable rise in the value of the yen.

As a consequence, profits tumbled by more than 50 per cent in the first half of last year and the full-year figures are expected to show little improvement.

A similar story of declining profitability can be found at Continental, hit, like Pirelli, particularly hard by the collapse of vehicle sales in its European heartland.

Unlike Pirelli, however, Conti is at least clinging to profitability, whereas the Amsterdam-based Pirelli Tyre Holding is still seeking to stem the losses arising from its own heavy restructuring, which has included the closure of plants in Italy and Greece and redistribution of its tyre-making activities. These include the end of car tyre manufacturing at Burton-on-Trent in the UK, which is becoming one of three European centres for truck tyre manufacturing.

Both Continental and Pirelli still bear faint signs of the bruising received during Pirelli's 1992 abortive takeover attempt of the German tyre maker. The failure of the takeover bid means, in the view of some analysts, that the concentration process which has gone on among the industry's principal companies for much of the past decade – and which has now led to its domination by just a handful of global corporations – is over, barring some unforeseen new crisis.

Competitive pressures have no prospect of receding, however. The big western and Japanese producers are facing rivalry at the cheaper end of the market from developing Asian producers outside Japan such as Hankook and Kumho of South Korea, as well as East European companies looking outwards once more after the collapse of Communism. Among the latter the respected European Rubber Journal ranks Slovenia's Sava Kranj 32nd in its "top 50" list of the world's principal tyre makers, with the Czech Republic's Barum Holding not far behind in 35th.

Most of their challenge is directed at the replacement market, which accounts for 70 per cent of total world sales and which provides most of the industry's profitability.

Equally, as the economies and vehicle populations of these regions rise, they also offer the prospect of growth for competitive western producers successful in establishing a manufacturing presence, or creating joint ventures and technology transfers. Nearer to Europe, Turkey is also poised for substantial growth and hardly a leading tyre maker is not expanding capacity there.

Not least there is China, with its more than 1bn people and vehicle markets which have barely been tapped. It is primarily a truck market, with production consisting mainly of old-technology truck cross-ply tyres. But Pirelli recently signed a letter of intent for a joint venture to produce car tyres near Beijing, and other rivals are establishing or seeking to establish an early foothold in such a potentially giant market. Indicative of the potential, sales of vehicle and agricultural tyres totalled 42m last year, out of world total tyre sales of 848m. The story is similar in eastern Europe, which absorbed only 37m tyres last year.

With the industry overall operating at less than 80 per cent of total capacity, it is clearly in no position to impose significant price increases in either the original equipment or replacement sectors.

But there are a number of positive factors. North America now looks poised for steady if unspectacular growth. And when recovery in Continental Europe and Japan does set in, the sharply lowered cost bases of the leading players should indeed allow them to benefit swiftly in terms of profitability.

That process should be helped further by revolutionary new, flexible automation being introduced to manufacturing processes which will increase productivity and, in the long term, should further drive down costs.

Efficiency improvements in the retailing and distribution chains of the leaders are also helping volume sales and margins, while the aggressive use of second and third tier brands owned by the principal tyre makers, such as Pirelli's Ceat and Courier, Michelin's Kleber and Continental's Semperit, is helping them more adequately to cover all sectors of the market.

The introduction of some premium sector tyres, with either very high performance or fuel economy-boosting "green" tyres is also having a positive effect on the margins of their manufacturers.

Meanwhile, at least some – but by no means all – of the price increases sought for the replacement market show signs of sticking.

And some of the leading players even see signs of hope for their original equipment business. Margins are traditionally wafer thin in this sector.

Vehicle makers are in a position to drive a hard bargain because it is worthwhile for a tyre maker to accept lower margins on original equipment, as once its brand is on a new car it is likely to be fitted subsequently throughout the life of the vehicle.

However, partnerships are gradually supplanting the old adversarial relationship between vehicle makers and all their suppliers. "In the last few months the car makers appear to be beginning to understand our problems and that we must have profits, too, if we are to develop together as technical partners", according to one senior European tyre executive.

WORLD TYRE INDUSTRY 2

John Griffiths discusses ways of reducing the growing mountain of scrap tyres

Giving new life to rubber dumps

Thirty years ago the tyre industry virtuously shot itself in the foot by introducing radial tyres which overnight doubled the average tyre's life to around 40,000 miles

The global pile of several billion worn-out tyres is growing day by day and is fast becoming an environmental problem of significant dimensions.

If these tyres lie around long enough, they can leech a variety of contaminants *into the soil and eventually into water* supplies. Occasionally, tyre dumps catch fire. And when they do, they can be almost impossible to put out. One in Wales is still burning after eight years.

Dumped tyres also represent a profligate waste of natural resources, for two main *reasons. One is that, provided it has not* been damaged in use, the complicated, stress-bearing carcass which forms the heart of a tyre usually remains sound even if the tread has worn away. The other is that the oil-based nature of the various tread compounds and fabrics represents a potentially valuable energy source, or raw material for other uses.

An increasing amount of attention is thus being focused on ways to minimise this waste. One obvious route is to make tyres last longer, resulting in fewer tyres being produced. Thirty years ago the tyre industry virtuously shot itself in the foot by introducing radial tyres which overnight doubled the average tyre's life to around 40,000 miles. Today, leading participants in the industry are using an 80,000-mile guarantee as a marketing tool.

But vehicle population continues to rise, *so recycling in one form or another is an* increasingly unavoidable necessity.

At present, around 15 per cent of car tyres are retreaded, and returned for sale in the cheapest sectors of the replacement market, although this figure can vary widely from country to country. This figure is much lower than that for truck tyres, more than half of which are retreaded.

In Brussels, the European Commission is seeking to increase the proportion of car tyres retreaded to around 30 per cent. Achieving this, according to industry estimates, would reduce by around 60m gallons the quantity of crude oil used in production each year.

At that level of retreading, it is likely that the leading tyre makers would become more interested in establishing more substantive "in-house" retreading *operations.At present the big tyre makers* undertake these activities on a relatively small scale. Retreading has traditionally provided business opportunities for small, independent companies.

The perception in the minds of many consumers that retreaded tyres might be of suspect quality and performance has become outdated since strict quality standards were imposed. Indeed, the UK's Durham-based Colway Tyres, which retreads around 1m of the 4m discarded tyres it collects each year, is actively using high performance as a promotional weapon. It has moved into the highest speed-rated H *and V tyre sectors*, carved a unique niche as a rally tyre supplier and recently has been approved as a supplier for junior single-seat racing cars.

According to Mr Bob Bonomy, Colway's managing director, each retreaded tyre represents a production saving of up to four gallons of crude oil compared with a new tyre.

Colway's own output indicates the dimensions of the recycling problem. It rejects three casings for every one remoulded, which means that "finding new ways of recycling scrap tyres not suitable for remoulding has become part of our corporate strategy".

One answer is the collaborative venture Colway has developed with Duralay, a subsidiary of motor components and engineering group BBA. A tyre-shredding and storage facility next to the remoulding plant turns the rubber into "crumb" which Duralay makes into carpet underlay. However, since there is no prospect of carpeting much of the earth's land mass, Mr Bonomy stresses that underlay can only be a small part of the solution.

Another potential solution is to use the "crumb" in large-scale enterprises such as road construction. Inclusion of about 15 per cent "crumb" in *asphalt would increase the life of a road surface by 15 to* 22 years. The snag is that the cost of the asphalt rises by 50 per cent to 100 per cent. However, the picture might improve if Europe were to follow the example in some states of the US which have legislated "crumb" must be used to improve drainage and skid resistance.

None of these solutions, however, has as much potential as the idea of providing a power source from incineration of tyres.

Such a prospect is not as noxious as it sounds in terms of air quality, and late last year a landmark was reached when Elm Energy, a US joint venture, was granted permission to open Europe's first tyre-incineration power station in the UK.

The Wolverhampton facility burns at a temperature of 950 degrees C tyres which, on average, contain the energy equivalent of 12 cu m of natural gas.

The closed incineration system, already in use in North America, means that virtually no gaseous pollutants escape.

Elm Energy – formed by Nipsco, an Indiana utility group, and the Performance Service Corporation of Connecticut – claims it can consume around 5m of the *UK's 25m tyres scrapped annually.*

New compound promises significant saving in fuel

Black is taking on a grey-green hue

Tyres are not only round and black, they are turning green.

For an industry fighting fiercely for competitive advan*tage in every product area, the* arrival of the "green" tyre – defined by its performance not its actual colour – is being viewed as one of the most significant developments since the advent of radial tyres to *replace the cross-ply.*

Using silica in its compound instead of the traditional carbon black, it offers the advantage of significantly less rolling resistance than a conventional tyre without compromising the very high levels of grip and handling which modern tyres achieve.

Michelin, which is already producing such tyres, estimates that if the EU car population switched to green tyres, total EU car fuel consumption would fall by 5 per cent, or well over 1bn gallons, a year. This is based on a reduction in rolling resistance of 30-35 per cent for the silica-based tyres, so dramatic is the difference.

Such tyres are a particularly important development for North America, where car makers have to meet minimum fuel economy standards for their vehicle ranges – the Cafe (corporate average fuel economy) rules.

Whereas big companies such as Ford and General Motors can balance their fuel-slurping big cars like Lincolns and Cadillacs against their small economy cars to meet the required average, companies specialising in the large executive and luxury sectors find the Cafe rules much harder to meet. Failure to do so requires sometimes substantial financial penalties.

The "green" tyres are, therefore, a boon to companies such as Jaguar, Mercedes, BMW and Rolls-Royce – and Mercedes is specifying the new tyres across most of its North American range.

A key element of the "green" tyre's attractiveness is that the silica allows it to retain good wet-weather performance, traditionally one of the big stumbling blocks of previous attempts to make low rolling resistance with materials other than carbon black.

"It might not be as big an innovation as radial tyres 30 years ago but there is no question that green tyres are important", says Pirelli's deputy-chairman, Carlo Banchieri. However, Pirelli does not see a complete conversion to green tyres overnight.

There are two reasons:

■ One is that, even more than with most other conventional tyres, the "green" tyre needs to be developed with the new car for which it is intended, so that its ride and handling behaviour complements that particular model's weight distribution, suspension characteristics and other factors. "Green" tyres do not, therefore, lend themselves to simple wholesale substitution on all manufacturers' model ranges.

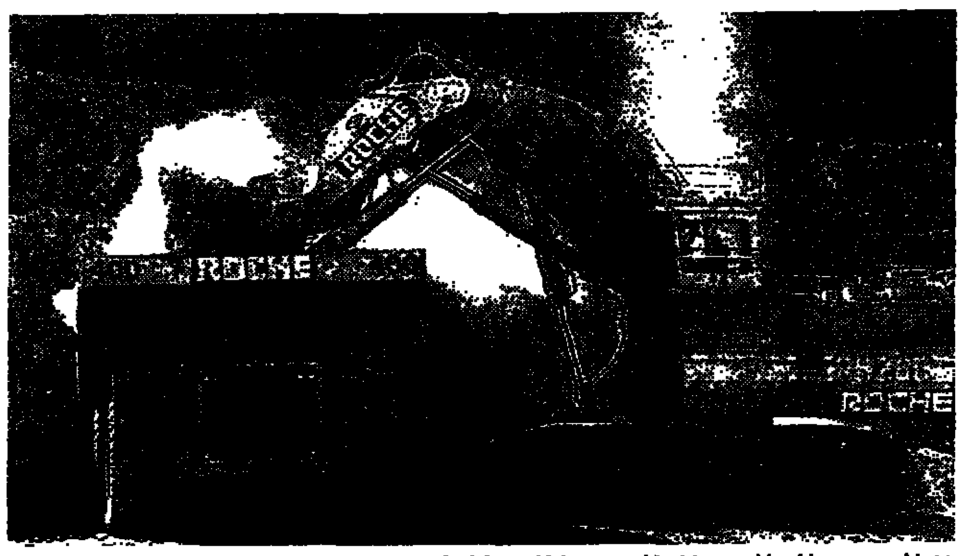
■ The other is that large-scale production of such tyres requires significant re-engineering of manufacturing plant and equipment to take account of the differing characteristics of silica from carbon black.

However, as an interim step Michelin, Pirelli and others also see good market prospects for what the industry is coming to call "grey-green" tyres.

These still reduce rolling resistance by 15-20 per cent compared with conventional tyres. But the concentration of silica is not sufficient to require any significant revision to production equipment.

"Grey-green" tyres are, therefore, likely to be the first high-volume applications of the technology with the leading tyre makers likely to devote growing capacity to them over the next few years.

Following the industry's rule-of-thumb formula that each 6 per cent reduction in rolling resistance yields 1 per cent improvement in fuel consumption, there is the potential for an individual car to travel 3-4 per cent further for every gallon of fuel consumed and a potential gross fuel saving within Europe of at least 500m gallons a year.



Earth-moving experience: tyres on construction and mining vehicles are subject to considerable wear and tear

There remains, however, a good deal of caution in the industry about how widely such tyres might be accepted in the replacement market, which is nearly twice as big as that for original equipment and which offers bigger profit margins than the wafer-thin ones between vehicle makers and their tyre suppliers. They are likely to cost 10-15 per cent more than conventional tyres, at least until substantial economies of scale can be achieved.

Even though this is certain to be recouped over the life of the tyre, nevertheless this is accepted as a deterrent for many motorists who regard tyres as mainly a distress purchase.

Even so, the next 12 months are likely to see capacity coming on stream for "green" and grey-green" tyres at all the leading tyre makers. In Europe, most of the output will be for the small and medium cars sector, with Fiat, Peugeot and Rover Group expected to be early users.

Although such tyres have a long way still to go in development terms before their full capabilities are realised, in five years' time it is likely that "grey-green" tyres at least will be approaching the status of standard fitment.

However, it does not necessarily mean the demise of the carbon black supply industry. Already carbon black suppliers have begum a fight-back, seeking formulations to lower their own product's rolling resistance.

Tyre makers are content that the silica and carbon black factions should fight it out, seeing only further technology benefits accrue.

The "green" tyre is being developed against the background of continuing fragmentation of car and truck markets. Like the vehicle makers, says Goodyear's European president, Bill Sharp, any tyre maker wishing to remain a long term, powerful presence must also have the resources to make a wider variety of products, to make them viably in ever smaller batches and to replace them more frequently.

To this variety imposed by the vehicle makers, however, is that created by the tyre makers themselves in search of that extra technical edge over rivals that might lead to extra market share or might merit a price premium.

One such development is the premium rain tyre also designed to provide high performance on dry roads – Goodyear, with its Aquatred, and Germany's Continental with its Aqua Contact design. The tyres have in common a deep central groove so that in cross-section it appears to be two narrow tyres side by side. Continental maintains that the design improves the ability to disperse water – and thus prevent dangerous aquaplaning - by about 20 per cent compared with conventional tyres.

John Griffiths

John Griffiths discusses a revolution in manufacturing technology

A spectacular leap forward

A revolution in tyre manufacturing technology, the seeds of which were sown in the mid-1980s, is gaining momentum.

Purely in terms of technical capability, the industry's leading companies are approaching the point where they could automate their tyre-making processes to something approaching "lights out" levels, at least for mainstream products such as popular replacement market car tyre sizes produced in long runs with relatively little variation in specification.

This represents a spectacular leap forward for an industry where, for most of its history, successful automation has proved elusive.

Right up to the mid-1980s the laminating and completion of each carcass was carried out manually even though parts of the processes involved were progressively automated, such as the feeding from reels of the various laminates which provide both strength and the bed for the tread.

That the new technologies and processes which have been appearing since the late 1980s – and which appear to have been taken a quantum step further at a flagship plant at Michelin's Clermont-Ferrand headquarters – will not immediately sweep all before them appears to be largely due to commercial rather than technological factors.

The massive wave of investment in new facilities and capacity made by the industry during the eight-year motor industry boom until 1990, and which totalled several billion dollars, will take a long time to be amortised. So investment in the "revolutionary" processes can only be progressive.

Michelin executives, who in the past couple of years have cast off part at least of the shroud of secrecy which has covered the activities of the world's biggest tyre maker, maintain that a quantum leap really is at hand.

The Clermont-Ferrand plant, which went on stream in January, occupies only about one-tenth the space of a conventional tyre-making facility. Precise details are far from clear, including its capacity, but there has been an industry rush for the patents Michelin has taken out on the processes.

One key ingredient is dispensing with the previous necessity – and all the plant and equipment – to make a number of individual components of the tyre in semi-finished form away from the actual assembly site. It is this which accounts primarily for the substantial space-saving, and which may have almost as profound consequences in terms of process energy-saving.

The actual tyre-building uses a rotating drum system on which the carcass is laid from plies fed automatically from stock drums, which can be tracked above the rotating embryo carcass to ensure the right ply is laid in the correct position.

Called the *C3M* system, for reasons also not entirely clear, one of its most valued attributes is its flexibility. With the tyre market fragmenting into ever greater varieties of tyres, in proliferating sizes, and with product life cycles coming down from a decade to closer to five years as competition intensifies, such flexibility is likely to prove decisive in terms of competitive advantage in the medium term. According to one executive, "it just about eliminates work in progress and can switch from one tyre to another in a heart beat".

The ramifications are not lost on Michelin's work force, which has fallen from a world total of 140,000 at the start of the 1990s to 125,000 now, with more job losses to come.

The new facility employs just 50 people. Although its output is unknown, the effectiveness of the technology is such that Michelin is looking very hard indeed at the implications for employees. "There is a social concern to this which must be addressed," observes one executive. "Some *have described Michelin as the* biggest mama's and papa's shop in the world and we have to take account of employees' interests in phasing this in."

The apparent production breakthrough, however, has *not thrown the fear into the* rest of the industry that an outside observer might expect.

Michelin's principal rivals maintain they, too, will be able to introduce appropriate new technology as and when they deem it commercially viable.

"All the majors have been very focused on this area," says Mr Bill Sharp, president and general manager of Goodyear's European operations. "It is more a question of how quickly it is phased in in view of the very significant capital expenditure involved."

Pirelli's deputy-chairman, Mr Carlo Banchieri, takes a similar view. "As for revolution – it's difficult to give a precise answer. Capacity investments in the 1980s' boom were huge. Today, when the industry is operating at around 70 per cent of capacity, it is difficult to justify totally new plant which would also require further large amounts of research and development. If I were a shareholder I would not be very happy unless the returns were very good. In three, four, five years' time more flexible systems will exist and we are working on them; but they will have to be in tandem with existing automation."

The Michelin innovation might be regarded as the fourth generation of the automation systems which have been introduced to the industry since the late 1980s.

Pirelli itself was widely regarded as a front-runner with what can now be regarded as third generation technology introduced at its Bollate plant near Milan in 1989.

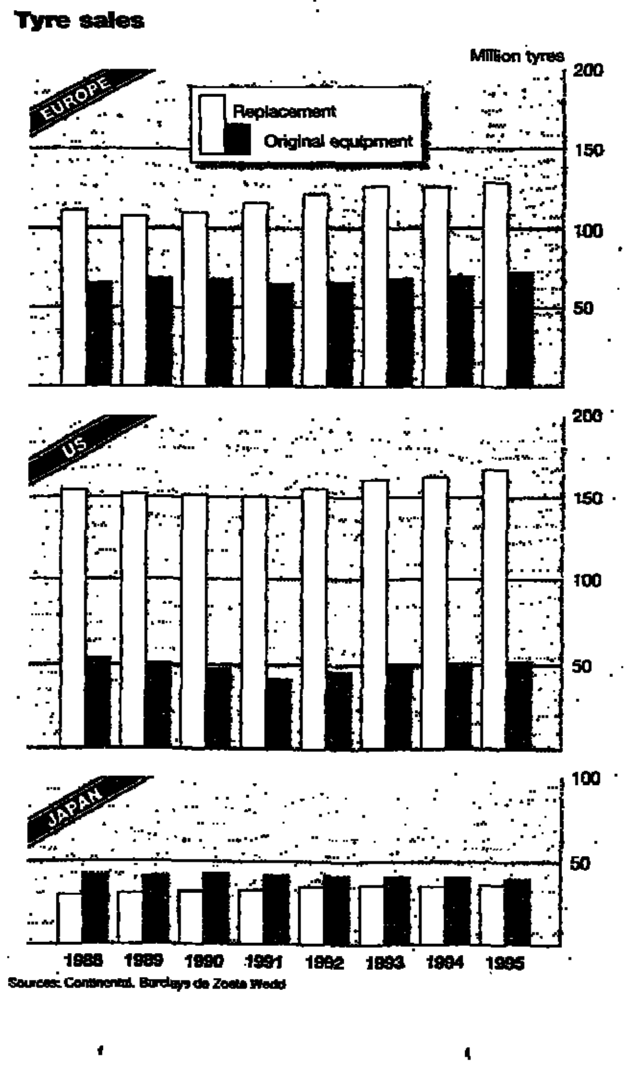
Now closely replicated at its Breuberg facility in Germany, the system incorporates a 100-metre long assembly line traversed by *the building drum*, with the tyres' individual components applied automatically. At the end of the line the collapsible drum returns to start another cycle by means of an underground conveyor. It is a system, maintains Mr Banchieri which, "with minor improvements and adaptations we can be very competitive".

Top tyre-producing nations
(totals in 000 units)

	1992	1991	1990
UNITED STATES			
Passenger	192,725	169,588	174,859
Truck	37,525	32,811	35,804
Total	230,250	202,399	210,663
JAPAN			
Passenger	105,632	101,699	100,423
Truck	46,562	48,997	49,656
Total	152,194	150,696	150,079
FRANCE			
Passenger	56,568	54,738	51,714
Truck	5,952	5,799	5,858
Total	62,520	60,537	57,572
GERMANY			
Passenger	43,806	43,631	43,272
Truck	6,331	5,980	5,475
Total	50,137	49,611	48,747
SOUTH KOREA			
Passenger	N.A.	N.A.	15,950
Truck	N.A.	N.A.	11,960
Total	38,199	32,769	27,910
CONFEDERATION OF INDEPENDENT STATES (ex USSR)			
Passenger	N.A.	15,800	25,092
Truck	N.A.	19,700	26,317
Total	N.A.	35,500	51,409
ITALY			
Passenger	28,825	28,189	25,472
Truck	2,680	2,752	2,933
Total	31,505	30,941	28,405

Source: International Rubber Study Group

Tyre sales



Sources: Continental, Barclays de Zoete Wedd

Europe's tyre industry will look back on the early 1990s as one of the most difficult periods in its history, according to Mr Carlo Banchieri, deputy-chairman of Pirelli Tyre Holding. Market conditions and pressures on profit margins are certainly the toughest that he can recall in some 30 years spent in the industry.

Mr Banchieri's sentiments are echoed among executives of other leading European tyre groups, who see little prospect of the pressures easing in 1994. "Anyone looking for a place to rest is making a terrible mistake," says Mr Bill Sharp, president and general manager of Goodyear's European operations. "This has become an industry where there is no finish line."

Since the late 1980s, intensive efforts have resulted in slashed costs and increased efficiency, under pressure from vehicle makers, themselves desperate to reduce costs. They have been seemingly bent on paring the tyre industry's margins on original equipment supplies to the bone. "We are requested to assure price reductions for one, two, three years in a brutal way. And the tools with which cost reductions can be achieved have already been used," says Mr Banchieri.

If there is some consolation, he suggests, it is that there is emerging a greater sense of

John Griffiths on problems facing European manufacturers

Pressure still high

understanding of each other's problems between vehicle and tyre makers which bodes well for the future once the present near-crisis in Europe's motor industry is past. "The transparency between the motor industry and us as suppliers is much greater than in the past."

Little more than 12 months ago, almost the entire European industry, already much slimmed down since 1990, thought its problems were ending and that the region would make a steady recovery from recession. Instead, with the exception of the UK Europe's vehicles markets underwent their steepest collapse since the second world war.

New car sales finished 1993 nearly 15 per cent lower than in the previous year; truck sales fell by nearly 30 per cent. And as some of the threads of the European monetary system unravelled, so did the industry's hopes of establishing stable pan-European pricing and manufacturing policies.

Inevitably, the collapse of demand in the original equipment sector has served to increase price competition in the numerically much larger replacement tyre market, where margins are typically higher. It is in this replacement market that most of the industry's profits are made. Thus the industry's partially successful efforts to raise replacement market prices in 1992 have been largely negated, and it has only recently begun to try again. It is not, however, looking to any substantial market growth this year.

Michelin, Goodyear and Pirelli all believe that the decline in vehicle sales has halted – borne out by slightly higher sales in January – but that any upturn this year will be small. Truck sales may grow by as much as 7-8 per cent after last year's precipitous drop, says Goodyear's Mr Sharp, but car sales are unlikely to rise by more than two or three per cent.

The industry is operating at around 80 per cent of capacity in Europe

Against this background, the industry is operating at only around 80 per cent of capacity in Europe, even after a number of rationalisations and cutbacks by all the leading participants.

Adding to its worries are the growing level of cheap imports from outside western Europe, mainly from Asia and eastern Europe. These now account for about 25 per cent of Europe's total 215m units a year tyre market – up from around 15 per cent a few years ago, and underline the industry's concern about the relatively high total labour costs of producing in Europe when EU "Social Chapter" provisions are included. Nevertheless, "we can't wait for someone else to fix our problems", says Goodyear's Mr Sharp.

Thus the past year has seen Goodyear rationalise heavily within Europe, closing its Brussels headquarters, moving its core management team back to the parent HQ in Akron, Ohio, and other key "hands-on" staff to its principal technical centre and manufacturing operations in Colmar-Berg, Luxembourg. One plant near Heidelberg has also been closed. Michelin, Europe's market leader, is in the middle of a big drive to take FFr3.5bn ($580m) out of its costs by the end of this year, involving job cuts totalling nearly 6,000 at plants in Europe. This follows a FFr3bn cost-cutting programme in 1991 and 92. Michelin executives say these actions are helping lift productivity by around 5 per cent a year.

Continental, the big German tyre maker, has its tyre manufacturing well spread around Europe and thus has not been too hard hit by the relative strength of the D-Mark and Germany's now notoriously high labour costs.

Corporate strategy is to continue to concentrate Continental's premier tyre development and manufacturing inside Germany, but to take advantage of lower production cost plants elsewhere in Europe for more mass market products.

Even so, more than 2,000 jobs went last year and its tyre distribution operations have been heavily rationalised. Pirelli, still feeling the lingering effects of its attempted takeover of Continental, has closed plants in Italy and Greece, and cut back manufacturing operations in the UK. However, the situation is far from one of unrelieved gloom.

Messrs Banchieri, Sharp and others in the industry maintain that a flurry of new products is offering the potential for higher margins in the replacement market, and that some at least of the price increases likely to be introduced this year can be made to stick.

Much of the new product, such as Goodyear's Aquatred rain tyres and Pirelli's P5000 Vizzola, is pitched at premium aftermarket sectors, where private customers are prepared to pay extra for specific performance attributes.

But there is also a concerted drive by the big participants to compete more effectively in the cheaper sector of the market under increasing threat from imports.

Thus there is increasing use of second or third tier brand names owned by the majors, and which can be sold more cheaply without devaluing the "flagship" brand's image. Thus Pirelli, for example, is using its Ceat and Courier labels to broaden its market presence, while Michelin has introduced Tiremaster and Goodyear is making greater use of its Lee and Kelly brand names.

Taken together, the various actions are expected to sustain the European industry in its present shape, with no more significant mergers or acquisitions, over the next difficult two years.

After that, industry leaders see some of the pressures easing and capacity utilisation much improved. "Three years out from now, there should be a good balance," concludes Goodyear's Mr Sharp.

Who owns what in European tyre retailing

Country	Chain	No of sites	Country	Chain	No of sites
MICHELIN			Spain	Ommia	50
Austria	Euromaster	21	UK	Central Tyre	135
Finland	Euromaster	33	**Total**		**310**
France	Euromaster (Pilot, Central, etc)	280	**GOODYEAR**		
Germany	Serona/Euromaster	100	Belgium	Scregi	10
Holland	Euromaster	75	Germany	Kempen	40
Spain	Konz Iberica	125	Holland	Van den Molen	5
UK	ATS	540	UK	Tyreservices	200
Total		**1,200+**	**Total**		**255**
CONTINENTAL			**SUMITOMO/DUNLOP**		
Austria	Profi	48	Belgium	Bernardts	8
Czech	Barum	40	Germany	Holert-Konz	90
Germany	Vergölst	210	UK	Motorway	175
Ireland	Advance Tyre	30	**Total**		**273**
Norway	Olrich/Dekkham	47	**BRIDGESTONE/FIRESTONE**		
Switzerland	Adam Touring	30	France	Cerronier	30
UK	NTS	450	Germany	A3	30
UK	Smiley	75	Holland	Henza	4
Italy	Punto Gomma	65	Spain	Autodisco	90
Total		**930+**	**Total**		**154**
PIRELLI					
Germany	Pneumobil	60			

Source: European Rubber Journal

The US industry has had to respond to new demands by shoppers

Tradition takes a back seat

For years, a simple philosophy guided the big US tyre makers: if your product sells in Detroit, it will surely sell on Main Street. When the time came to replace worn-out tyres, the reasoning went, car owners were most likely to buy the brand chosen by the factory as original equipment.

Over the past few years, however, confidence in this passive approach to the $18bn US replacement market has slipped. Shopping habits in the US have changed, and the emphasis on value is stronger. "For a lot of people, a tyre is a tyre is a tyre," says Mr David Garrity, an analyst with McDonald & Company Investments in New York.

The trend has forced some of the big tyre groups to sell their wares in chain stores and warehouse clubs. It has changed distribution patterns in other ways, too. Larger tyre outlets, which can offer lower prices, have flourished, while mom-and-pop operations have consolidated or languished.

Paradoxically, consumers have shown a willingness to pay extra for air bags and other optional equipment to enhance safety. That demand has encouraged tyre groups to strengthen their brand images and intensify their research and development programmes.

Goodyear, last of the big US-owned tyre groups and the north American leader with $5.4bn in sales, has shown the most imagination in responding to changes, analysts say.

The company broke with tradition in two crucial ways. It decided to offer its products at Sears, Wal-Mart and other big chains, putting them in direct competition with its network of 3,500 company-owned stores and independent dealerships.

Second, Goodyear decided to forgo tradition and introduce its new Aquatred tyre directly in the retail market. Its bet that consumers would be willing to pay a premium price for Aquatred's safety features paid off handsomely last year.

US operating income, excluding special items, climbed by more than 10 per cent to $590.5m, while operating margins jumped to 10 per cent of sales, from 6 per cent in 1991. The improvement comes at a time when foreign-owned rivals are under pressure to boost market share by cutting prices to the bone.

With prices down, Goodyear has succeeded in lowering its costs through "controlled downsizing", says Mr Garrity. By reducing manpower and its debt burden, the company has had the wherewithal to invest in the marketing and research aspects of the business.

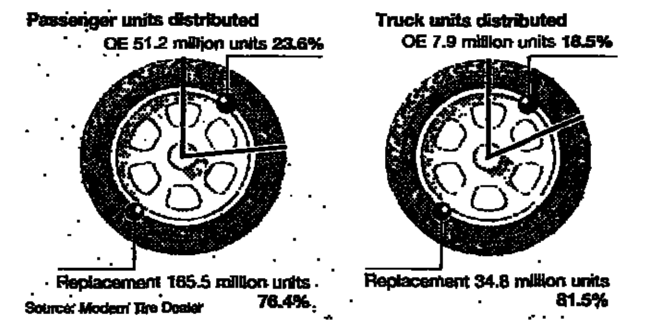
The other big tyre groups – Uniroyal Goodrich (owned by Michelin), Bridgestone/Firestone and Continental/General – have been at a financial and competitive disadvantage because they have been struggling to integrate their operations since the big consolidation a few years ago.

Those difficulties are apparent at Michelin. The French parent, hit by its exposure to the depressed European market, has accelerated its effort to wrest concessions from unionised workers at its Uniroyal plants.

Despite its advantages, Goodyear was not the only group to show improvement in the replacement market. Mr Saul Ludwig, an analyst at Roulston Research in Cleveland, reckons that Bridgestone/Firestone finished the year with the best gain, followed by Goodyear. He credits a long-overdue decision by the Japanese-owned group to promote the Firestone brand name, one of the country's oldest, after vacillating over the issue since acquiring the US operation in the late 1980s.

Nevertheless, competitive shifts in the tyre business are neither sweeping nor easy to quantify. "It is very difficult to get cold, accurate data on the foreign-owned companies," says Mr Gary McManus, of Kemper Securities in Chicago. He estimates that Goodyear, Michelin (including Uniroyal) and Bridgestone each commands 20 to 25 per cent of the replacement market.

US tyre industry 1993



Source: Modern Tire Dealer

Part of the reason competition is so keen is that the replacement side is "a zero-growth game", as Mr Ludwig describes it. Sales to customers replacing worn-out treads showed almost no growth last year. The stagnation reflected comparisons with a usually robust 1992, when the market expanded by about 3 per cent. High inventories carried over by retailers further restrained growth. With the excess drying up, Mr Ludwig predicts a sharp 4 per cent gain in 1994 on the replacement side.

Although a bit less glamorous, the Detroit trade remains the tyre industry's bread and butter business, and 1993 was a year of feasting. After a long slump, the Big Three US car makers have enjoyed a remarkable upturn, and the companies supplying them have tagged along for the ride.

In 1993, US sales of so-called original equipment tyres – fitted on cars and trucks during their assembly – surged 14.7 per cent, according to Mr Garrity. In parallel with the cyclical trend in motor vehicle production, the jump in original equipment (OE) sales represents an acceleration of a tentative recovery which began the previous year, following a three-year downturn which hit bottom in 1991.

In the OE market, a tyre maker's fortunes rise and fall with the performance of the particular carmakers it supplies. With automakers ordering parts from fewer sources, a few big tyre groups have tightened their grip on a segment in which prices have stabilised. Goodyear was a winner on this side of the business, largely because it supplies Chrysler – star of the car industry – with 84 per cent of its tyres, according to Modern Tire Dealer.

Frank McGurty

Paul Abrahams on the Japanese crisis and the effect on other Asian nations

Spinning wheel of misfortune

The Japanese tyre industry, Asia's largest, is in a spin. The sector is suffering from a massive collapse in demand caused by the worst domestic recession since 1945. Simultaneously, high costs and the inexorable rise of the yen is undermining the ability of Japanese tyre manufacturers to export their way out of trouble.

The crisis threatens to create a fundamental shift in production from Japan to other Asian countries. The trend is part of a more general trend of "hollowing out" of Japanese industry, as manufacturers relocate production in the low-cost fast-growing Asian markets.

The decline of the Japanese tyre market, the world's second biggest, has been precipitous. Last year was the third that demand and production fell and the drop last year was the worst on record. Output has fallen from a peak of 166.7m tyres in 1989 to less than 150m units last year. Meanwhile, the amount of rubber consumed has dropped from 1.031m tonnes in 1990 to 922,000 tonnes in 1993, according to the Japan Automobile Tire Manufacturers' Association (Jatma).

The sector has been undermined by a collapse in demand in both the original equipment market – supplying domestic car manufacturers – and in the domestic replacement market. Tyre shipments to domestic vehicle constructors fell 12.1 per cent last year to 50m units. That fall mirrors a 10.2 per cent drop in Japanese vehicle production, according to data released by the Japan Automobile Manufacturers' Association. Meanwhile, the collapse in the replacement market has exacerbated the industry's plight. Sales fell from 67.6m in 1992 to 60.9m last year.

Imports have also been adding to Japanese manufacturers' woes. Although imports fell about 5 per cent to slightly less than 14m units last year, they nevertheless increased market share in a falling market.

In spite of the massive overcapacity, no Japanese manufacturers have closed plants over the past 12 months. However, Mr Akira Suzuki, Jatma's executive director, says extended maintenance periods have cut operating rates from more than 90 per cent in 1992 to just over 80 per cent last year.

The leading Japanese manufacturers include Bridgestone, with about between 45 and 50 per cent of the market, Yokohama Rubber (about 20 per cent), Sumitomo/Dunlop (about 20 per cent). Toyo Tire & Rubber (about 10 per cent)

A sense of crisis has been created in the industry, not only because of the drop in output, but also falling prices and shift in product mix as consumers demand greater value for money. Bridgestone says the price structure has been deteriorating quite quickly.

Most worrying for the industry has been the fundamental shift in consumer attitudes in the replacement market. Whereas in the past Japanese consumers almost unquestioningly bought the most expensive brands, this is no longer the case.

"Consumer behaviour has changed very fast since the depression. Shoppers are shopping around and brand loyalty has been weakened. This is very new for the market," says Mr Pierre Sivan, president of Nippon Goodyear. He explains that Japanese consumers tend to buy four replacement tyres at a time and that consumers no longer feel as obliged as they were to substitute the original fit with the same brand.

New ranges of high-performance intermediate tyres have proved highly successful over the past three or four years, according to Mr Sivan. These have captured about 70 per cent of the high performance sector which represents about 15 per cent of the entire passenger tyre market.

However, these intermediate tyres, which are between 10 per cent and 15 per cent cheaper than the top-performance products, have not been immune from price cuts. In January, when new lines were introduced, the new products came in at the existing price, and the old products were further discounted by about 10 per cent, says Mr Sivan.

Further evidence of the change in consumer attitudes is the rapid growth of mass merchandisers such as Autobacs and Yellow Hat. These up-market stores, which stock tyres, wheels and in-car entertainment systems, do not offer significant discounts to traditional mom-and-pop shops, according to Mr Sivan. However, they offer a huge product range against which small local suppliers find it difficult to compete. "These don't look like a place for tyre-kickers," explains Mr Sivan.

The growth of mass merchandisers has been swift. Estimates of their present market share range from 15 per cent to 20 per cent, compared with only 7 per cent five years ago.

The increasing concentration of distribution channels could help foreign manufacturers such as Michelin and Goodyear, which have paltry market shares given their size elsewhere.

First, manufacturers marketing to mass merchandisers do not require the huge sales forces traditionally required to reach traditional tyre retailers. Second, the merchandisers are beginning to develop their own brands which could be manufactured by foreign groups.

"Non-Japanese companies have a window of opportunity in Japan that they have not had for years," says Mr Sivan. "Most of the handicaps we have had have not disappeared, but are nevertheless no longer as significant as they were."

The main disadvantage for foreign groups has been the absence of local manufacturing, says Mr Sivan. But Japanese companies are now looking increasingly at locating their own manufacturing elsewhere in Asia.

Japanese groups' manufacturing is being driven overseas by the rapid growth of the consumer markets in Asia, the location of automotive manufacturing there, and the low costs of operation. Labour costs, which represent about 50 per cent of manufacturing costs, are particularly less expensive outside Japan. One manufacturer estimates the cost of labour in China is 1 per cent of Japanese levels.

Bridgestone, Asia's largest producer, already has plants in Taiwan, Indonesia and Thailand. It is opening a construction plant in Thailand that should increase its local production by 35 per cent. The group is also in the process of doubling capacity in Indonesia. The company says it is now turning its attention to rapidly developing markets such as China, Vietnam and India.

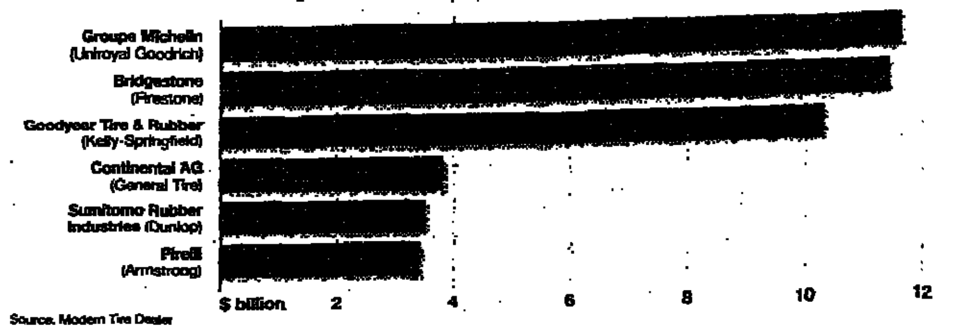
Mr Sivan at Goodyear says the opportunities in China are immense. But it is important for western groups to be vigilant about Japan, which remains and will remain Asia's most important market for many years.

Financial performance of leading producers (first half 1993 – $m)[1]

	Sales	% change	Operating result	% change	Net result	% change
Michelin	5,353.0	12.0	138.5	–71.0	(604.0)[2]	NM
Bridgestone[3]	2,843.0	–11.3	187.8	–43.1	58.7	–59.1
Goodyear	5,810.0	3.2[4]	392.2	126.6	224.7	NM
Continental	2,660.0	–8.6	18.4	–73.6	NA	NA
Pirelli	2,997.0	9.1	279.0	–0.1	(40.5)	NA
PTH	1,585.0	–8.8	41.0	–9.7	(36.0)	17.5
Yokohama	1,200.0	–7.9	na	na	24.0	–1.8
Cooper	572.7	–0.5	78.6	12.5	49.2	NM

1 Foreign currencies converted at the June 30, 1993 rate. 2 Includes extraordinary provisions totalling $481.2m. 3 Unconsolidated. 4 Based on direct comparison, i.e. discounting divested operations (polyester resins, films, etc). NM = not meaningful, previous year's figure was a loss. NA = not available.
Source: European Rubber Journal

World leaders in new tyre sales



Source: Modern Tire Dealer

Research & development, capital expenditures ($m)

Company	R&D expenditure	% of sales	Capital investment	% of sales
Michelin	505.0	4.0	643.2	5.1
Bridgestone	380.3	2.8	1,223.3	8.6
Goodyear	325.9	2.8*	366.6	3.1
Continental	248.8	4.0	453.8	7.3
Sumitomo	101.4	2.2*	371.0	8.1
Pirelli	121.7	3.6	113.2	3.4
Yokohama	120.2	3.5	189.7	5.5
Toyo	61.8	2.8	164.0	7.5
Cooper	13.7	1.2	110.2	9.4
Kumho	32.9	3.1	187.7	17.7
Hankook	N.A.	N.A.	247.6	24.4
Ohtsu	23.0	3.0	58.3	7.6

* Unconsolidated data
Source: Tyre companies

China's huge potential is hampered by regulations, says **Louise Lucas**

Where bicycles rule the roads

China's tyre industry – designated a future cornerstone of the national economy – is facing uncertain times.

It is at once a market offering huge potential – the number of cars per person is one of the lowest in the world, at just 6.5 per head, and local production is heavily bent towards the older bias tyres – and a market hampered by the government's credit squeeze and measures to protect the domestic industry.

The market is split in two – bicycle tyres, where demand is seen to be flattening (although there are still around 38m to 40m bikes being made and sold each year), and the burgeoning market for motor vehicles. Even China-based tyre makers are starting to reduce their dependence on bicycle tyres which offer only thin margins.

However, Mr Stephen Codron, executive director with Shenzhen China Bicycles, reckons demand for two-wheeled vehicles will remain a feature of the mainland market – albeit with 50cc motors attached. His company, which churns out some 2.6m bikes a year, buys tyres from three manufacturers in Guangdong province. Two of these are Taiwanese joint ventures.

The replacement tyre market is enormous, he says. "Just look at the roads. They are not up to the standards of the west and tyres are always bursting so there is a great market for spares, especially in bicycle tyres."

Car sales were among the first to crack when Beijing launched measures to tighten credit in a bid to cool the economy. In August, 79,800 vehicles were sold, 10,000 fewer than in July and 27,000 fewer than in June. Prices also came tumbling down: by last October Santanas were going for little more than Yn180,000 (US$20,672), compared with Yn220,000 three months earlier.

Popular conveyance: up to 40m bicycles are sold each year in China

Mr Frank Jiang, sales manager at General Motors Beijing office, said: "Sales are not very good at present, because of the effect of the crackdown on the vehicle market."

The group is assembling 2,000 vehicles a year in China for domestic usage. However, potential demand for passenger cars in China is estimated to reach 1.2m units by 2000.

Of the foreign tyre producers, Bridgestone has the dominant market share in Asia as a whole. China's own output of tyres is far lower than that in the US, Japan, former USSR and South Korea.

According to Swiss Bank Corporation, total industrial output by the tyre industry is around Yn25bn (US$2.9bn). The ratio of the newer, more technologically advanced radial tyres to bias tyre production is around 1:9.

Mr Lawrence Ang, China analyst with SBCI Finance Asia, says most of the foreign auto tyre makers' participation in China is limited to technology transfer arrangements with domestic counterparts.

He says that while Michelin and Goodyear have been searching for suitable China partners for some time, only Pirelli is reported to have set up a venture with Beijing Tyre Factory.

The only other active foreign investor in the industry is China Strategic Investment (CSI), a Hong Kong-listed company specialising in asset trading, which has invested in five tyre ventures – two of which were listed under holding company China Tire on the New York Stock Exchange last year.

Foreign manufacturers without a China partner face crippling import duties of up to 45 per cent in addition to a strict permit system, according to SBC, and – thanks to the high accord placed on the sector by Beijing – this is unlikely to diminish hugely even as China attempts to rejoin the General Agreement on Tariffs and Trade (GATT).

Mr Ang said: "China will do some things to reduce barriers, but what tends to happen even in other countries is that joining GATT does not necessarily mean a reduction in tariffs. It is not necessary to open up the whole market to foreigners.

"Especially with the tyre and auto industry, which the government terms a cornerstone industry, partly because of its military importance. They would abolish the permit situation, but that does not mean that foreigners can export tyres into China freely: other administrative measures will come into force."

He said it is a belief in this programme that is prompting foreign manufacturers to tackle the market from a different angle, mainly by setting up joint ventures.

In China, tyres are classed as one of the 29 strategically important production materials and their production therefore receives considerable attention and support from the government.

John Barham looks at the Argentine industry which is growing fast

Mini-market gets up and goes

Argentina barely registers in the world tyre market. But, like other Latin countries, its relatively small domestic market has shaken off decades of torpor and begun growing at a rapid pace.

In the last three years domestic output has grown by a third, reaching 6.3m units in 1993, with each of Argentina's four tyre companies holding about one quarter of the market. Total sales, including imports, was worth $520m last year.

The industry's sudden expansion began soon after Mr Domingo Cavallo announced early in 1991, just after his appointment as economy minister, that he would make Argentina's peso convertible. This, plus aggressive tax reduction, privatisation and liberalisation policies restored consumer confidence and led to an explosion in demand for every conceivable product – including cars and tyres.

The economy has expanded by one quarter since 1991 and Mr Cavallo is predicting a further 6.5 per cent growth this year. The car industry is hoping it can push sales to 500,000 units in 1994, an increase of almost 50 per cent over last year.

Few business people in Argentina think the economy can continue growing at its present rate. However, tyre companies are optimistic that the fast growth in car sales – which are projected to grow at an annual rate of 5-6 per cent to the end of the decade – will mean a steady growth rate for them as well.

That is the good news. The bad news is that with the elimination of once-impenetrable trade barriers, margins have narrowed, competition has grown and costs remain stubbornly high.

This presents serious challenges for Fate SA, Argentina's only independent tyre maker. It is competing not only with multinationals Firestone, Goodyear and Pirelli but with increasingly aggressive exports from multinationals in Brazil.

Few business people in Argentina think the economy can continue growing at its present rate

Argentina and Brazil, together with Uruguay and Paraguay, are setting up a regional trade block called Mercosur that has already substantially reduced trade barriers between the four.

This has allowed companies operating from the far larger Brazilian market to attack the local market. Imports have grown by 40 per cent since 1991 to capture almost one fifth of the market, with the Brazil-based multinationals in the lead.

Privately-held Fate is fighting back by cutting jobs, reducing costs and investing cautiously. Restructuring and import competition pushed it into the red, and it only recently returned to profit. It lost $14m in fiscal 1992, $7m in 1993 and this year hopes to earn $2-3m.

The long-term outlook naturally depends on the future health of the wider economy. Companies expect growth to settle down to more sustainable rates soon.

But businesses still complain of an uncompetitive exchange rate. They also want the government to reduce high operating costs by reforming Argentina's rigid labour laws and further reducing the corporate tax burden and controlling the escalating cost of utilities and services that are less exposed to imports.

It is hard to see how Argentina's tyre industry can survive in its present shape. Four manufacturers seems too many and in the case of Fate, a wholly family-held company, it is hard to see how it can survive in a market dominated by giants.

The pace of trade integration with Brazil will be a vital factor in deciding the industry's future. Argentine tyre companies are already narrowing their range of products and meeting the market's needs with imports from Brazil and further afield. By the same token, once the Brazilian market returns to normality, negligible exports should pick up allowing Argentine companies to gain economies of scale.

MANAGEMENT

Employers cast as partners in crime

Christopher Lorenz on who is to blame for corporate misconduct

When British Airways was caught last year waging "dirty tricks" against Virgin Atlantic, its local arch-rival, many outsiders assumed its campaign had been authorised by top management. Others accepted BA's protestations that the offending actions – some of which are now the subject of a lawsuit in the US – were merely those of a small group of individuals who had overstepped the bounds of proper behaviour in their eagerness to foster BA's interests.

A third group of observers felt that, whether or not the employees had really acted in isolation, the real rogue was BA's abrasive corporate culture, fostered by the airline's then chairman, Lord King.

This view is given added credence by an article in the latest edition of the Harvard Business Review* which argues that corporate misconduct is rarely explained by the flaws of an individual employee. More typically, unethical business practice reflects the values, attitudes, beliefs, language and behavioural patterns that define an organisation's operating culture, says the article's author, Lynn Sharp Paine, a Harvard ethics professor.

Paine's article is directed mainly at American companies, which are rushing to install "compliance-based ethics programmes" in order to fall in line with new federal sentencing guidelines. But her conclusions apply to any type and nationality of organisation.

The US guidelines, introduced in 1991, partly relate the size of fines for unlawful conduct to the extent to which companies have tried to prevent that misconduct. But Paine argues that providing employees with a rule book – as BA did last year with its hurriedly-introduced code of ethics – is inadequate on its own.

To foster a climate that encourages exemplary behaviour, she says, organisations need to take a more comprehensive, "integrity-based" approach to ethics management. Such approaches vary in design and scope, but they all foster guiding values, aspirations, and patterns of thought which support ethically sound behaviour, plus a sense of shared accountability between employees.

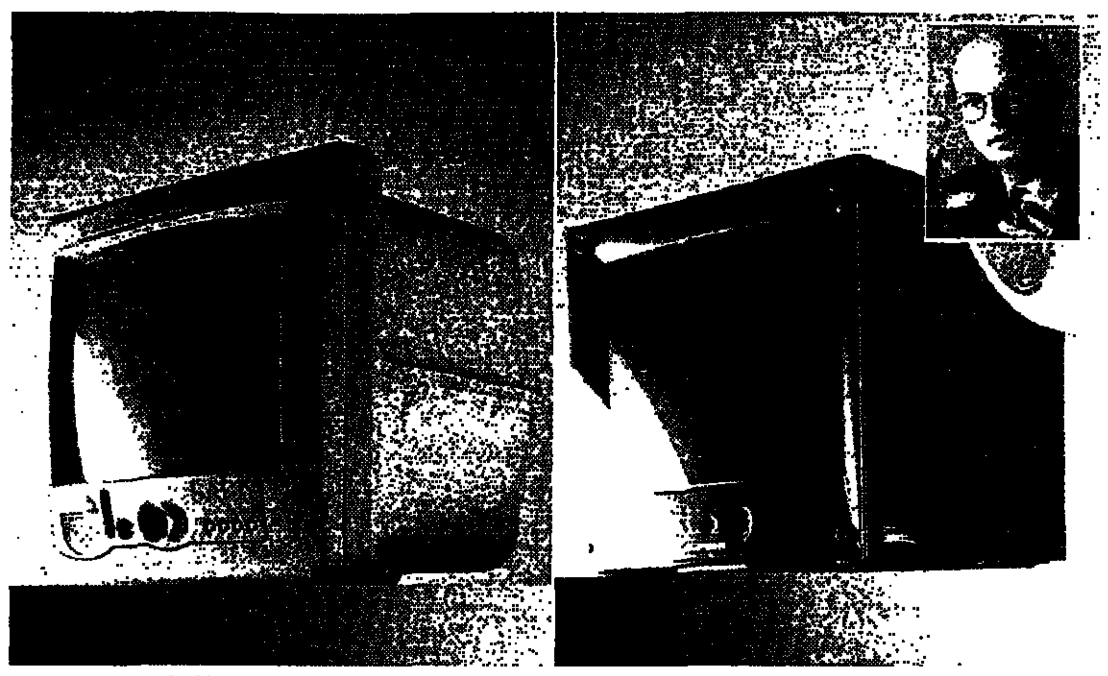
Sharp cites several American examples where the lack of such a "governing ethos", as she calls it, encouraged top, middle and junior managers to behave unethically. The most recent was in 1992, when a car service offshoot of Sears Roebuck was accused of misleading customers and selling them unnecessary parts and services. Sears' chief executive acknowledged management's responsibility for introducing pay and goal-setting systems which "created an environment in which mistakes did occur".

In stark contrast, Paine says that decisions of thousands of employees at all levels of Johnson & Johnson were responsible for the US drugs company's exemplary behaviour in the Tylenol crisis in 1982; they automatically withdrew all painkillers of that brand from the market after batches were found to have been poisoned. Without a shared set of values and guiding principles ingrained throughout the organisation, Paine says it is doubtful that J&J's response would have been "as rapid, cohesive and ethically sound".

Three years later, Martin Marietta, the US aerospace and defence contractor, established a comprehensive ethics programme, at a time when its industry was under attack for fraud and mismanagement and the company itself was under investigation.

This programme comprises a code of conduct, an ethics training programme for the whole workforce, and comprehensive procedures for reporting and investigating ethical concerns within the company. An ethics network investigates anonymous complaints, and a corporate ethics office manages the programme under the supervision of a steering committee.

* *Managing for Organisational Integrity. HBR Mar-Apr 1994. Reprint no 94207. Fax (617) 495-6985.*



Alain Prestat (inset) with two of Philippe Starck's imaginative television designs which could give TCE a competitive advantage

Starck contrast

Alice Rawsthorn witnesses the design revolution under way at Thomson Consumer Electronics

A look of disgust flashes across Alain Prestat's face as he grabs the television remote control pad. "Ugh!" he groans. "This is the sort of thing we used to make. Just look at it. It's so ugly. And user friendly? Huh! It's so complicated that you'd need a PhD to use it properly."

"Ugly" and "complicated" products will, if Prestat has his way, soon be part of the past at Thomson Consumer Electronics (TCE), a division of Thomson, the state-controlled French electronics group. Prestat has, in his two years as TCE's chairman, launched a mission to haul the heavily loss-making company back into the black and has hired Philippe Starck, the maverick French designer, to orchestrate a new design programme.

When Prestat, 42, arrived at TCE in 1992 from his old post as an adviser to the French prime minister, the company was in a dismal state. It was the world's fourth-largest television manufacturer with interests across the brown goods market and brands such as RCA, Telefunken, Saba, Ferguson and Thomson. But it was losing market share and burdened by accumulated net losses of FFr5.5bn (£630m) from the four preceding years.

Prestat spent his first two years at TCE slashing stocks and shedding staff. The company last year came back into the black at the operating level. "After two years on the defensive we've built a solid base for the business," he says. "Now we're ready to deal with the long-term, strategic issues that we didn't have time for before."

One of the main issues is the design of TCE's products. Prestat realises that TCE's long-term prospects hinge on its ability to steal a march over rivals such as Philips and Sony in the intensely competitive consumer electronics sector. He believes consumers are bored by the "grey boxes" that swamp the market and is convinced that imaginative design could give TCE a real competitive advantage.

"For years manufacturers have assumed that price and technology were enough to sell a product. But these days people don't see good technology as anything special. They expect it. What they do want are appealing products with their own identities," he says.

Angela Dean, European electronics analyst at Morgan Stanley, suspects he is right. "This market is a nightmare for everyone," she says. "But it's particularly tough for the Europeans because the south-east Asians are not only more efficient at turning out televisions like cans of peas but at making them look more attractive. There probably is a demand for better-looking products. TCE can have a go – but it isn't going to be easy."

In the past TCE's designs were undertaken by in-house designers based at each of the company's factories where they worked to specifications provided by the marketing and technical departments. Prestat wanted the designers to be more pro-active and better integrated with the rest of the business. "Design shouldn't be buried inside the company," he says. "It's got to be central to everything we do."

He was also anxious to ensure that TCE's designers took a fresh look at their work rather than simply refining old designs, or those of their rivals. A year ago he asked Philippe Starck to become TCE's artistic director.

Starck, 45, made his name in the 1980s with witty work such as his spider-shaped lemon squeezer for Alessi, the Italian kitchen and tableware manufacturer, and the opulent Royalton Hotel in New York. His brief is to overhaul TCE's visual identity – from all its products to corporate stationery – thereby giving him the same degree of control as other influential corporate design directors such as Dieter Rams at Braun, the German electronics company. Whereas Braun employs Rams full-time, Starck works for TCE as a consultant. "My role is to be a kind of corporate Candide," he says. "It's important for TCE that I continue to come in as an outsider to look at what everyone's doing. Prestat understands that."

His first big task, the redesign of TCE's European television sets, will act as a blueprint for TCE's new approach to design and product development. Starck has spent the past year working on the project in liaison with Prestat, his marketing and technology specialists and the new 16-strong European design team at TCE's Paris headquarters which includes some of the old factory designers and the young *planeurs*, or "gliders", that Starck has hired on a freelance basis.

The new designs form part of the overall reorganisation of TCE's European television business. When Prestat arrived the company had seven leading brands in Europe each with their own ranges of products and market positions. This meant that TCE missed opportunities to cut costs by pooling resources and that, sometimes, its own subsidiaries were competing against each other.

The brands have now been rationalised into three "families". To achieve maximum economies of scale, each family has a unified range of products, which are sold, for the most part, under different names in different countries. Starck has identified a different personality for each brand to reflect its market position.

He sees Thomson, the middle market brand, which carries the name Thomson in France, Ferguson in the UK and Nordmende in Germany, as a "'techno-zen' character – a buddhist monk who loves technology". Saba, the cheaper range, which is sold as Brandt in France, is "younger and funkier". Telefunken is the "grand bourgeois who loves a grand gesture".

The completed designs are being kept under wraps at TCE's Paris headquarters until the first new products (a third of the entire range) are launched in May with the rest coming out next year. The only clues as to what the new products will look like lie in Starck's one-off TV sets for Saba and Telefunken launched last autumn.

Both look dramatically different from anything else on the market. The Telefunken set has an elegant 1940s feel with a sweeping glass screen and mahogany case. The Saba mixes green plastic and recycled woodchips.

"There's no reason why televisions should have to come in boring cardboard boxes," says Starck. "We want our products to be fun to buy – just like opening a Christmas present."

Creative thought stifled

Innovative employees are being stifled by modern management practices designed to maximise production and individual work output, according to a report* published yesterday.

Fostering Innovation, published by the British Psychological Society, calls on organisations to think about how best to encourage innovative staff who, it suggests, are often overlooked and neglected by employers.

The authors, Michael West of Sheffield University, Clive Fletcher of Goldsmith's College at the University of London, and John Toplis at the Post Office training and development group, argue that performance appraisal systems, goal setting and extra work demands can suffocate innovative thinking.

They agree that performance monitoring improves effectiveness but say it can create job insecurity and fear of failure, which both hinder innovative thought. "Where people at work feel that their jobs may be threatened if they make mistakes they are likely to play safe and avoid the risk and experimentation which is fundamental to innovation," says the report.

Traditional career paths tend to stifle innovation, say the authors. They suggest that employees likely to be favoured for promotion at the bottom of an organisation are those who are accurate, pay attention to detail, rules and procedures, accept authority, dress conventionally and conform generally.

In contrast, it describes innovators as people who defy convention, question authority and dislike routine work and paying attention to details. "It would be wrong to give the impression that innovation would be fostered simply by the employment of radicals. However, organisations also have to recognise that the complete exclusion of such people could lead to stagnation," says the report.

Richard Donkin

**Fostering Innovation. British Psychological Society. St Andrews House. 48 Princess Road East. Leicester LE1 7DR. Tel 0533 549586. No charge.*

LEGAL NOTICES

No. 00916 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
HALKIN HOLDINGS plc
AND IN THE MATTER OF THE
COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 9th day of February 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of (1) the share capital of the above-named Company by £6,300,000 from £8,824,500 to £2,524,500 and (2) the share premium account of the above-named Company by the sum of £11,000,000 from £15,589,051 to £4,589,051.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 16th day of March 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share capital and of the share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 4th day of March 1994.
Edge & Ellison
18/19 Southampton Place
London WC1A 2AJ
Telephone: 071 404 4701
Reference: AWR/8816
Solicitors for the above-named Company

IN THE SUPREME COURT OF BERMUDA
Companies (Winding-Up) No. 182 of 1985
IN THE MATTER OF THE COMPANIES ACT, 1981
and
IN THE MATTER OF
CAMBRIDGE REINSURANCE LIMITED -
IN LIQUIDATION
NOTICE OF INTENTION TO DECLARE DIVIDEND

Notice is hereby given that a Sixth and Final Dividend of 3.2% is intended to be declared in the above matter.

Dividend warrants will be distributed on or after the 14th day of March, 1994, to those Creditors whose claims have been agreed.

Dated this 1st day of March, 1994
David E.W. Lines and Michael A. Jordan
Joint Liquidators
Cambridge Reinsurance Limited - In Liquidation
P.O. Box HM 2079, Hamilton, HM HX, BERMUDA.
Creditors requiring further information should contact the Joint Liquidators at the above address

TO ADVERTISE YOUR LEGAL NOTICES

Please contact
Tina MacGorman
on **071 873 4842**
Fax: 071 873 3064

No. 00917 of 1994
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
RONSON PLC
AND IN THE MATTER OF THE
COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 9th day of February 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above-named Company by the sum of £8,590,000 from £9,264,706 to £674,706.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 16th day of March 1994.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of the share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 4th day of March 1994.
Edge & Ellison
18/19 Southampton Place
London WC1A 2AJ
Telephone: 071 404 4701
Reference: AWR/8816
Solicitors for the above-named Company

In the High Court of Justice No 00775 of 1994
Chancery Division
Companies Court

IN THE MATTER OF
PROTEAN PLC
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 3rd day of February presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above named Company from £13,064,261.53 to £4,314,261.53.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 16th day of March 1994.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of share premium account should appear at the time of the hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.

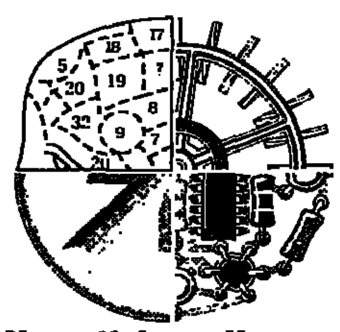
Dated this 28th day of February 1994.

McKenna & Co of Mitre House
16 Aldersgate Street
London EC1A 4DD
Solicitors for Protean plc

Ref: CAP/TPH.4

TECHNOLOGY

Worth Watching · Della Bradshaw



Non-stick coating with wide spread

A non-stick coating that can be used on anything from saucepans to cars has been developed in the US by the Dow Chemical Company.

The water-based chemical can be cured at a much lower temperature (100°C) than existing coatings, and so has much wider applications.

The coating, which incorporates perfluoroakyl polymers, could even be used on heat-sensitive materials such as plastics or wallpapers. It dissolves in water like a soap and so can be painted on to the surface. Then it is baked to produce the toughened coating.

The 3M Corporation has bought the licence for the new process.
Dow Chemical Company: US, 517 636 1000

'Nose on a chip' very hot item

Scientists at IBM in Zurich have developed an electronic "nose on a chip" which can accurately measure the minute quantities of heat produced by chemical reactions.

The device, called a calorimeter, can measure temperature changes as small as a hundred-thousandth of a degree. By measuring the heat produced the instrument sniffs out what chemicals are involved in a reaction, making it potentially useful in drug design and forensic science.

The instrument comprises a micromechanical silicon lever coated with aluminium.

When heated the lever bends because the two materials expand at different speeds. The degree of bending is measured by laser.
IBM: Switzerland, 1 724 8443.

Relief in sight for asthma victims

Researchers at the University of Southampton have devised a way of using electrostatic polymer fibres to relieve the suffering to asthma victims caused by dust mites, the minute creatures which inhabit beds and soft furnishings.

The fibres, known as electrets, have a permanent electrical charge and so trap the mites and their droppings by electrostatic attraction.

Because the fibres are both positively and negatively charged, the charges balance out and so the resulting fibres do not produce the "cling" or electrical shock often associated with man-made fibres.

The university's patents are for woven and compact materials to be used in mattress and duvet covers and for fibres to be interwoven in carpets.
University of Southampton: UK, 0703 592114.

Introducing the dust meter

The UK's Health and Safety Executive (HSE) has developed a process for measuring how much dust industrial materials produce during manufacturing processes.

The method is intended to provide a single standardised way of measuring the dustiness of a wide range of materials.

The process involves a rotating drum, which repeatedly lifts and drops the material, producing an airborne dust cloud. This determines the size and type of dust that can enter the nose and mouth.

A complete set of engineering drawings of the prototype for the new tester is included with a report into the issue.
HSE: UK, 0742 892345

Seiko wristwatch keeps global time

A quartz wristwatch which can tell the time in 28 selected cities is to go on sale in duty-free shops from April.

Developed by Seiko in Japan, the watch incorporates a traditional clock face with a mini liquid crystal display.

At the press of a button the £250 watch, which is designed for international travellers, scrolls through the different cities and the appropriate time there.
Seiko: Japan, 3 3563 2111

Stopping the flood

Nearly a third of the water supply in England and Wales is lost through leakage. Jane Martinson reports on new ways to plug the gaps

Thames Water, Britain's biggest water company, postponed building a £500m reservoir at the end of last year chiefly because of growing confidence in its ability to plug leaks.

Technological advances in leakage control could mean that no new large-scale reservoir will be needed for a decade or more. Charles Hurst, leakage control manager at Thames Water, estimates that an integrated system of leakage detection across Thames Water's distribution network will render a reservoir the size of the proposed one at Abingdon in Oxfordshire – some 10 sq km – unnecessary until 2015. The current postponement is for five years.

Leakage is an important issue in the run-up to the water industry's first review since privatisation. Oftwat, the industry regulator, will be reassessing the basis for annual price rises for the next five to 10 years.

Figures from Ofwat reveal that an average 29 per cent of the water supply in England and Wales is lost through leakage. Both it and the National Rivers Authority have said they will not favour any plans for large-scale capital investment projects until companies take action on leakage and consider installing meters.

"It is a major development for a company to put off a big reservoir," Hurst says. "There were pressures from Ofwat and the National Rivers Authority but confidence had been built up through the company because of the results we have achieved with leakage."

Thames Water's advanced leakage detection equipment is able to record the size and location of underground leaks much faster and more accurately than older methods.

The company reports that its "breakthrough" is saving up to 60m litres of water a day. Water supply in the area dropped last year by 250m litres a day, partly because of cost-cutting by industry.

Hurst estimates that without an adequate leakage detection programme a new medium-sized reservoir would be needed every three years to meet growing demand, estimated by Thames Water to be between 0.5 and 1 per cent per year.

Conventional techniques for finding underground leaks are time-consuming and costly. For flow rates to be measured, the water supply to an entire neighbourhood is usually cut off. Mains have to be recharged and although such "step tests" take place during the night when readings are more accurate, customers are often left without water for hours. The old equipment was slow to monitor changes and the measured flow rates had to be taken away for analysis during the day.

Thames Water can now find and measure leaks more quickly and conveniently

Although 10 per cent of leaks are responsible for roughly 90 per cent of water lost, it was not possible to measure the exact size of a problem, which often led to mains repairs teams digging down to find only a tiny leak.

Thames Water contacted Reten Acoustics of Gwent, which developed the Quick Report Leak Spotter. This instrument translates water flow into electric signals through a rotating turbine which gives off magnetic pulses. It then measures the time interval between pulses. The pulse can be timed to one thousandth of a second, much faster than previously, and give a much more accurate gauge to the size of the problem. An instant computer read-out is conveyed to engineers.

The valves in the pipes need to be shut off for only minutes to check flow rates. A big leak can be detected immediately. Hurst says: "The concept of what we are doing is very simple but, until now, we lacked the technology."

In conjunction with a leak noise correlator which pinpoints the leak's location, the equipment identifies how fast the leak is flowing. Where large-scale repairs are unnecessary, pressure control valves are used. These work on the principle that excess pressure feeds leaks and is therefore wasted. By reducing pressure, the water lost through leaks is reduced. Thames Water will introduce variable-outlet pressure control valves in London to remove unnecessary pressure at night.

The developments at Thames Water are not unique, but they highlight the flurry of technological activity in the field of leakage control in recent years.

Stan Bessey, chairman of the National Leakage Initiative set up by the Water Services Association and the Water Companies Association two years ago, says: "Britain leads the field in leakage technology now. This is despite, or perhaps because of, the high leakage levels."

Britain's lead stems partly because of its ageing water system, helped by a £28bn capital investment programme started in 1990. Thames Water spends more than £20m a year in leakage detection. The money spent on 20 Quick Report Leak Spotters (about £1m) was recouped "very quickly", says Hurst.

But it remains to be seen how these improvements in leakage control will be paid for after the review. There is some conflict over whether Ofwat will allow Thames Water to increase prices to pay for better control or whether the company will have to meet the cost through greater efficiency.

Thames Water says that the significant investment needed to set up an entire leakage control system in the distribution network will form part of discussions with Ian Byatt, Ofwat's director-general, this spring.

Byatt, in an attempt to "halt this endless escalation in prices" in the industry, seems unlikely to agree that customers should pay more for greater better leakage control. A spokesman for Ofwat said: "In most cases companies have got to improve efficiency within existing price limits."

Thames Water, while keen to advertise it is winning the war against leakage through its use of technology, may yet have a fight on its hands over who is to pay.

Profs start IT group

British university academics in the information technology field are planning a new organisation to act as a source of knowledge and experience to help society deal with the problems of growing computerisation.

It intends to provide a public platform for IT professionals and to offer advice to government on issues with an IT content. An example could be the passage of laws which would require extensive IT support, such as tax changes.

The 40 or so academics argue that existing bodies such as the British Computer Society and the Science and Engineering Research Council are overly preoccupied with computer science and technology and do not properly address business or social issues.

Among the leaders of the new group, which has yet to be named, are Robert Galliers of Warwick University and Frank Land of the London School of Economics. The intention is that the organisation will eventually become the UK member of a planned international network, the Association for Information Systems.

The formation of the new body is a response to a perception that too much attention is paid by Parliament and Whitehall to computer technology and not enough to the uses of IT in business.

"Our concern is for the design and development of systems which support business needs and in which there is considerable human input. Technology is only one part of such a system," says Land.

Galliers says the new group would have three principal functions: to weld together members of a fragmented profession, to help inform policy at national level and to advise on ways of avoiding computer failures. "At present, there is the frustration of seeing disasters waiting to happen. The knowledge to solve these problems already exists," he says.

Alan Cane

PEOPLE

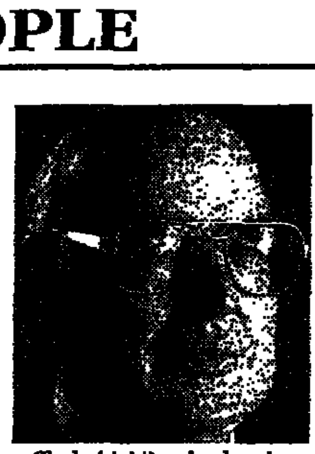
Transatlantic traffic in directors

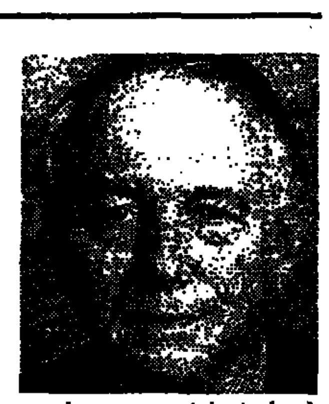
James Kinnear (far right), a former chief executive of Texaco, and Eric Clark, an executive director of BICC, are the latest examples of the growing trend of companies on both sides of the Atlantic to pick more internationaly-minded directors.

Kinnear, 65, who stepped down last year as Texaco's chief executive after nearly 40 years with the US oil giant, has been appointed an advisory director of Unilever with effect from March 1.

He joins a ten-strong advisory board which the Unilever board consults on business, social and economic issues. He will also serve on at least one of three committees: audit, remuneration and external affairs.

Clark, 59, managing director of BICC Cables, a subsidiary of one of the UK's leading international engineering businesses, has been appointed a non-executive director of Dana Corporation, which provides equipment for the transportation industries and is based in Toledo, Ohio.

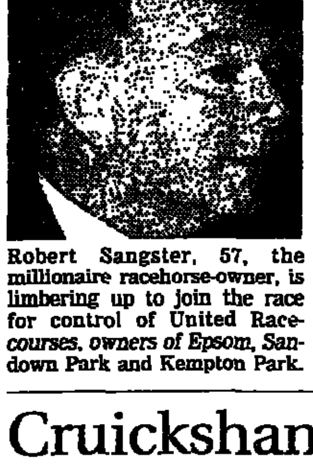




Clark (right), who has been on Dana's European advisory board since 1991, is the first European to serve on Dana's main board.

Dana says that Clark's "demonstrated commitment to achieving growth through continuous improvement in technology, engineering and lean production techniques is in perfect synch with Dana's own global growth initaitive". Before joining BICC in 1985, Clark spent 15 years with Plessey.

Heading into the sunset



Robert Sangster, 57, the millionaire racehorse-owner, is limbering up to join the race for control of United Racecourses, owners of Epsom, Sandown Park and Kempton Park.

He is set to join the tiny media company Sunset and Vine, if it wins the race to buy the racecourses from the Horserace Betting Lebvy board, the statutory body which has owned them for over 20 years.

Sunset, which has a market capitalisation of less than £10m, covers horse-racing and other sports for Channel 4 and is regarded as the outsider among the three contenders which put in their bids last Monday. The others are Racecourse Holdings Trust, owned by the Jockey Club, and a consortium headed by Stan Clarke, owner of Uttoxeter racecourse.

Sangster's decision to join the board of Sunset and Vine suggests that its chances of wining control may not be as slender as is sometimes suggested. Sangster is reputed to be worth £130m and Richard Thompson, one of the people behind the Sunset bid, comes from another well known family of wealthy racehorse-owners. His father, David Thompson, made £300m from the sale of his stake in the Hillsdown food group and whose horse, Party Politics, won the Grand National in 1992.

Lazard Brothers, the merchant bankers acting for the levy board, will announce the winner on March 22.

Other non-execs

■ **Sir Campbell Fraser**, a former president of the CBI and chairman of Dunlop, at BARKERS SCOTLAND.

■ **David Williamson**, recently retired president of DuPont Europe, at HOLLIDAY CHEMICAL HOLDINGS.

Cruickshank answers another call

The pull of the private sector has proved irresistible for one of the directors general of the government's new regulatory authorities overseeing former nationalised industries.

Don Cruickshank, 51, has been director general of Oftel, the body watching the telecommunications industry, on a salary in the region of £90,000, for just under a year. He has now joined the board of Christian Salvesen, the specialist hire and food services group, as a non-executive director. It is his only such post, and might be worth about an extra £12,000 a year.

None of the other DG's currently holds a non-executive post in the private sector, though when he was at Ofgas Sir James McKinnon did.

His successor there, Claire Spottiswoode, is contractually free to follow in his footsteps should she choose – as are all the DGs – but Spottiswoode is understood to regard her formally part-time job as rather enough to handle for the time being.

At Offer – the one dealing with electricity regulation – Stephen Littlechild regards his duties as fully occupying; he has taken a sabbatical from his professorial duties at the Birmingham School of Business Studies. Ofwat – the water authority – is headed by Ian Byatt. He too sees his duties as full-time and has no non-executive posts.

Ofsted – the office for standards in education – is a different kettle of fish, being the body monitoring the new school inspection system. Its DG, Stuart Sutherland, is due to depart for the vice-chancellorship of Edinburgh University at the end of the year.

Appointed the first chief executive of the National Health Service in Scotland between 1989-93, the Aberdonian Cruickshank's background is wide-ranging.

First with Alcan, then an MBA at Manchester Business School, then to McKinsey and thence to the Times newspaper before joining Pearson, owner of the Financial Times, as finance director, in 1980. He joined the Virgin group in 1984 to prepare its flotation.

Bodies politic

■ **David Neil-Gallacher**, a former consultant, has been appointed chief executive of BRITISH WATER, formed by the merger of the British Effluent and Water Association and the British Water Industry Group.

■ **Jerry Robson**, md of the Insta Group, has been appointed chairman of the NATIONAL ASSOCIATION OF LOFT INSULATION CONTRACTORS.

■ **Gillian Ashmore**, on secondment to the DTI to British Rail, has been appointed regional director in charge of the government's new office in the SOUTH EAST; **Pamela Denham**, the DTI's regional director, in the NORTH EAST; **Mark Lanyon**, the DTI's regional director for Yorkshire and Humberside, in the EAST MIDLANDS; **Brian Leonard**, regional director for DoE and DoT in Newcastle, in the SOUTH WEST; **David Ritchie**, regional director for DoE and DoT in Birmingham, in the WEST MIDLANDS; **John Stoker**, director of the Merseyside Task Force, in MERSEYSIDE; **John Turner**, deputy chief executive of the Employment Service, in EASTERN; and **Jeremy Walker**, regional director of the employment department in Yorkshire and Humberside, in YORKSHIRE AND HUMBERSIDE. **Marianne Neville Rolfe** is appointed to the NORTH WEST.

■ **John Brownlow**, director of airport and flight operations for Marshall of Cambridge Aerospace, has been appointed to the board of the CIVIL AVIATION AUTHORITY.

ARTS

Zurbarán's Patriarchs

Patricia Morison on a family gathering at the National Gallery

Upholders of traditional family values find little comfort in the home life of the Patriarch Jacob. The Book of Genesis describes how Jacob divided his favours between two wives and two slave-girls. The result was an ill-starred daughter called Dinah and 12 sons, founders of the Twelve Tribes of Israel. *Jacob and his Twelve Sons*, which opens next Wednesday at the National Gallery, London, brings together 13 monumental images of the Patriarchs by Zurbarán, a master of Spain's Golden Age.

Probably painted in the 1640s, the Patriarchs are not Zurbarán at his best. Just look at two marvellous paintings in the Spanish gallery next door, "St Francis in meditation" and "St Margaret". Yet even if much of the Patriarchs was painted by assistants, they are strikingly decorative in their exotic costumes, each with an amusingly different different personality.

The Patriarchs also share a fascinating history. Twelve belong to Auckland Castle, residence of the Bishop of Durham and little known, partly because they have never been lent before and partly because Auckland Castle is well off the beaten track. I also hear that the dining room is too poorly lit to see the Zurbaráns properly.

Missing from the set is the 13th Patriarch, the youngest, "Benjamin". In its place hangs a copy made by Arthur Pond, artist and dealer, in 1756 when the set was split up at auction. Bishop Trevor of Durham must have been greatly vexed to have missed securing the Benjamin. In his knickerbocker suit with pink bows, he is one of the most charming figures in the series.

Benjamin went to Grimsthorpe Castle in Lincolnshire. until six years ago, when he was lent to the marvellous Zurbarán show in New York and Paris. Now he has come to London, thus completing the family circle for the first time since 1756.

It is odd that there should have been this cache of Zurbaráns in England, so long before his name became generally known. Not until the 1830s was Zurbarán appreciated outside Spain when a huge haul of Spanish paintings, looted from churches by Napoleon's generals, went on show in the Louvre. Critics and poets raved about Zurbarán's tenebrous monks and friars, brooding over skulls and wrapt in ecstatic visions.

It was suggested that the Patriarchs were being shipped out to a client in the Spanish Americas when they were intercepted by corsairs. It was a good explanation. The theme of the Patriarchs was not common in art, but it did enjoy a vogue in the Spanish colonies because of a remarkable theory that American Indians were descended from the Lost Tribes of Israel.

The pirate theory is romantic, but wrong. Zurbarán probably thought he would attract a colonial buyer, but the paintings seem to have been picked up in Seville by William Chapman, a London wine shipper who, as a director of the disastrous South Sea Company, forfeited three quarters of his assets. The Patriarchs were bought by a Portuguese Jew with a country house in Surrey.

On his death, the series – minus "Benjamin" – was bought by the Bishop of Durham. A strongly Jewish subject may have appealed to Bishop Trevor because at the time, bishops were in favour of allowing English Jews to become naturalised. However, Trevor preached a sermon looking forward to the day when "this hitherto obstinate and impenitent People" would be converted to Christianity. The strange, colourful figures of *Jacob and his Twelve Sons* hanging in his dining room was a reminder to the bishop of the goal which he might yet achieve. It is a wonderful chance that we can now see these charming images of Jacob and his 12 strapping sons briefly reunited.

At the National Gallery until May 22 as part of the Spanish Arts Festival. Information: 0891-888-780.

'Jacob' by Zurbarán: the father of the Twelve Tribes of Israel, now reunited at the National Gallery, London

Discord in the regions

It will be a miracle if there is not a high profile orchestral casualty, says Antony Thorncroft

The Arts Council yesterday refused to help out the hard pressed regional orchestras, and returned the ball of inadequate funding of the arts firmly into the government's court. Secretary general Anthony Everitt said "if we had the resources we'd help, but we don't."

Last November the government, through the Department of National Heritage, took a hard line with the Council, and the arts, and reduced its grant by £3.2m for 1994-95. The Council is getting its revenge by refusing to put together rescue packages when arts organisations face financial crisis.

The latest potential victim is one of the best respected arts groups in the country, Simon Rattle's City of Birmingham Symphony Orchestra. It has a deficit of £250,000 and at one time Rattle threatened to quit as conductor unless more money was forthcoming.

Birmingham City Council, a stalwart supporter of the arts, came up with £125,000 for each of the next two years and Rattle agreed to stay for an extra year, until 1997. But Birmingham expected a matching sum from the Arts Council. In the old days this would have been forthcoming, but not now. Richard York of the CBSO said yesterday "the City has staved off the awful day, but by the autumn we will be in severe difficulties."

Everitt estimates that by March 1995 the five regional orchestras – the CBSO, the Hallé, the Royal Liverpool Philharmonic, the Bournemouth Orchestras, and the Northern Sinfonia – will have between them an accumulated deficit of at least £1.5m. An Arts Council working group says, rather tortuously, "we cannot absolutely guarantee that none of the orchestras will consider liquidation within the coming year".

Another victim yesterday was the RPO, which received a minimum £300.000 grant for its regional work based on Nottingham. The RPO has had its subsidy for 1994-95 reduced by £100,000, or 25 per cent.

There is a feeling that the Arts Council would not be too unhappy if a major client went belly up: it would prove its point that with box office revenue down as well as sponsorship and local authority support, it was madness for Heritage Secretary Peter Brooke to cut its grant.

Earlier this week the much respected boss of Welsh National Opera, Matthew Epstein, quit, saying he could not carry on in a financial climate which forced him to cut staff and productions rather than plan an ambitious programme. All the major national arts companies are coping with either accumulated or annual deficits, and usually both, and it will be a miracle if there is not a high profile casualty among arts organisations during the year.

The Arts Council does not anticipate a public change of heart by the government and a sudden influx of new cash but it hopes the parlous state of the arts will force the announcement in the autumn of a substantial rise in subsidy for 1995-96.

Theatre/Malcolm Rutherford

Sympathetic 'Paddywack'

Daniel Magee's *Paddywack* at the Cockpit is a play – and in parts a very good one – about prejudice. It scores one definitive hit, yet also includes an abysmal miss. The rest is in between. This mix, along with its topicality, makes it a piece to be seen.

Paddywack is the most sympathetic work about Irish republicanism that I have come across on stage. Damien, a young northern Irishman looking for a job in London, is suspected by his fellow lodgers of working for the IRA. Damien does not deny the suspicion, nor does he overtly confirm it.

Instead he puts a thought of his own. "Why is it," he says after a spate of London bombings, "that the only question the British ever ask is how he (the bomber) managed it, and not why he bothered to do it in the first place?" *Touché*. No-one in the Kilburn lodging house even attempts an answer. Clearly the IRA has still some residual sympathy in northern Ireland which the British fail to understand. This sympathy may fall short of approving the violence, but it does not run to denouncing it: certainly not in front of the British.

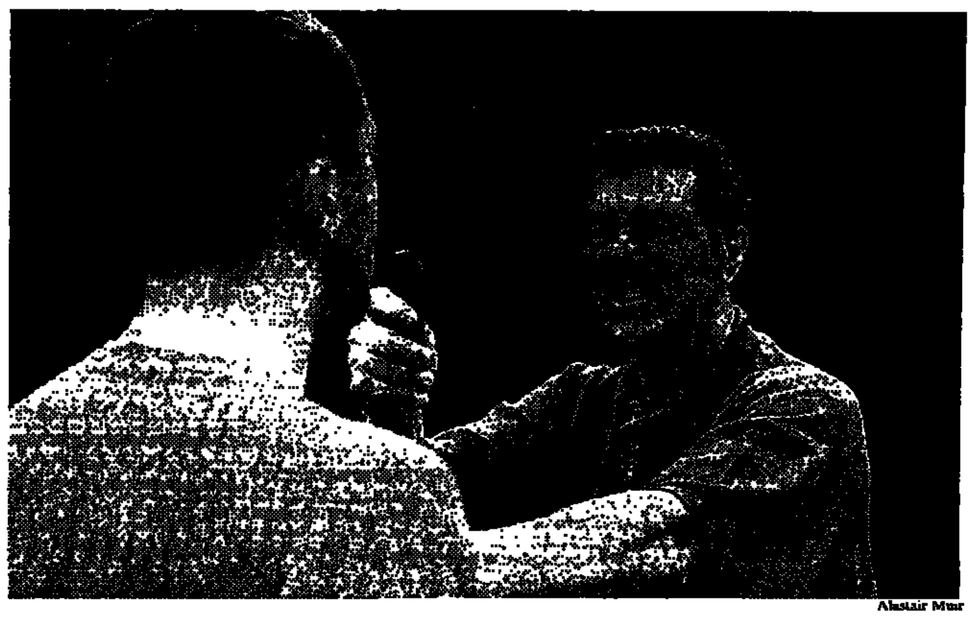
Yet Magee has a prejudice of his own. This is his manifest belief that, as a result of the IRA bombings, the British have become more anti-Irish than ever. I know of no evidence for this view. On the contrary, respect for the Irish Republic has grown: British impatience is with the more intransigent leaders of the Ulster Unionists; the IRA is a phenomenon to be contained and, if necessary, lived with. The British tolerance of the disruptions caused by the IRA is remarkable.

Magee plainly disagrees with that analysis. He thinks that the average Brit regards "Paddys" as little better than "Pakis": hence the title of the play. "Paddybashing" was a term coined by British troops in northern Ireland in the 1970s. It was meant to be a joke. Some took it too literally, and that is perhaps the republicans' problem. They take themselves over-seriously: more people, especially Irish people, ought to poke fun at them.

Paddywack goes some of the way. Irish republicans, Magee suggests, can be more racist than the British. Since there are very few blacks in Ireland, the Irish do not have to live with the problems of a multi-ethnic society. Magee also has a go at an English middle class woman who romanticises violence and a middle class male intellectual whose liberal principles collapse when he is sexually betrayed.

Since much of the drama depends on suspense – whether or not Damien is an IRA activist – I shall not give away the plot. On the first night, the direction by Michael Latimer looked a shade under-rehearsed. But it should pick up speed and the subject is electric. James Nesbitt is a quizzical Damien who maintains the suspense till the end. Holly Aird's Annette, the girl who falls for him, is the essence of some female English liberals. And the Soho Theatre Company is making the Cockpit one of the most exciting small theatres in London.

Cockpit Theatre until March 26. (071) 402 5081



Alastair Muir

IRA activist or not? James Nesbitt and Brian Croucher

Alastair Muir

'Nine Sinatra Songs', a cunning exercise in kitsch

Dance/Clement Crisp

The Tharp imagination

Allusions burst out of the music into the dance, clever, dazzlingly apt, always engaging

There are three major pieces new to London in the second programme by Twyla Tharp's company at Riverside Studios. Each shows how a score sparks off the Tharp imagination: ideas and allusions burst out of the music into the dance – clever, sometimes too clever by half, dazzlingly apt, always engaging our attention.

The second book of Brahms' Paganini variations is, among other things, a commando course for the pianist. For Tharp, and for Jamie Bishton her prodigious soloist, it is a study in powerfully masculine stamina (Bishton gets his green beret) and no less compelling acuteness to rhythm and dance outline. There is an entourage of two couples in black who state certain associated ideas; Bishton, in white, is like the music's spirit, flying, cutting great shapes, in triumphant colloquy with Brahms. He, like the piece, is wonderful.

As Time Goes By is 20 years old, and looks as fresh as if it were made this week. It is, I suppose, both "about" baroque dance and about the idea of Haydn's Farewell symphony, whose last two movements it uses. And uses, in the best sense, as a way into how we may think about the dance of Haydn's time – courteous, quick, elegant – and about the music's mechanics.

A small dance ensemble is augmented, the choreography becomes more complicated, then the numbers reduce until the gifted Daniel Chait is left alone, dancing as the light and the music fade, seeming to contemplate the choreography that has gone before, and an age that has gone forever. I think it a delight, and can even forgive the men's costumes – natty beige winter underwear.

The most recent work is *Octet* (1991), which is Tharp allusive and analytical. The score is by Edgar Meyer; it sounds first like a jazz group enjoying a nervous breakdown, then switches to a study for 'cello surrounded by shimmering glissandi. The choreography, for eight dancers, proposes classicism sharing (unsurprising, with Tharp) the jazz group's neuroses – movement twitching, inverted, caught up in itself – then gaining in clarity with the music's development. The eye is constantly engaged, excited. Tharp gives a valid post-Balanchinian account of academic language, paying homage to the Master; above all she takes a penetrating look at dance, showing us what fascinates her – and hence fascinates us.

The programme ends with the *Nine Sinatra Songs*, that cunning exercise in kitsch. The songs are stickily sentimental; Oscar de la Renta's dresses for the girls are a catalogue of fashion horrors (the chaps are in dinner jackets); seven couples plunge into cheap emotions like Olympic divers from the top board, and perform marvels on the way down. It is, in essence, the most fearful claptrap, but brilliantly made by Tharp and brilliantly danced by her artists. No-one, though, should be required to listen to nine Sinatra songs on the trot without danger money.

As an added note about Riverside: prospective visitors are advised that seating in unnumbered, and that as at The Place, there can be an unholy, and surely unnecessary, scrum to get into the auditorium. But Tharp *vaut le voyage*.

The Tharp Company is at Riverside Studios until March 12.

INTERNATIONAL ARTS GUIDE

Orchestral Manoeuvres

Bloodied but unbowed by the recent debacle over Arts Council funding for London orchestras, the London Philharmonic Orchestra next week sets off on a major tour of Germany and Austria under Franz Welser-Möst. The aim will be to prove to European audiences that, despite the drubbing the LPO and its young Austrian music director have received in recent months in the British press, they can deliver the artistic goods as well as any other London orchestra.

Europe was bemused by the mess which engulfed the London orchestral scene during the inconclusive race for subsidy. All four of London's major independent orchestras have a high reputation on the Continent, and no one could imagine why the Arts Council or anyone else would want to undermine such fine ambassadors for British musical life. Few continental orchestras can match them for speed, flexibility or long working hours.

The LPO tour begins at the Amsterdam Concertgebouw next Tuesday, and continues with concerts in Bonn, Dusseldorf, Cologne, Frankfurt, Stuttgart, Mannheim, Nuremberg, Regensburg and Munich. There are two concerts in Vienna and two in Linz, where the tour ends on March 23. Repertoire includes Bruckner's Seventh Symphony and Shostakovich's Sixth, Elgar's Enigma Variations and Bartok's Music for Percussion, Strings and Celesta. Mitsuko Uchida will play Schumann's Piano Concerto and Mozart's Piano Concerto No 27.

Two central European orchestras will also be on the move over the next month. Wolfgang Sawallisch - sorely missed since he left Munich for Philadelphia last summer - takes the Vienna Symphony Orchestra on a tour of Germany and Switzerland, as well as Strasbourg, Madrid and Saragossa (March 11-30). The tour repertoire, mainly symphonies by Haydn, Schumann and Bruckner, is solid Sawallisch territory.

The Bavarian Radio Symphony Orchestra and its new chief conductor, Lorin Maazel, will be visiting Innsbruck, Frankfurt, Rotterdam and Lisbon between March 21 and 31, with a collection of orchestral showpieces .

EXHIBITIONS GUIDE

AMSTERDAM
Rijksmuseum Dutch Figure Drawings 1700-1850: a survey of a popular genre in Dutch art of the 18th and 19th centuries. Ends May 1. Closed Mon
Van Gogh Museum Pierre Puvis de Chavannes: 150 portraits, still lifes, genre pieces and sketches by the 19th century artist whose murals grace many public buildings in France. Ends May 29. Daily
Stedelijk Museum Mario Merz, Berend Strik, Maria Lassnig: the work of three contemporary European artists placed in the context of paintings by Giovanni Segantini, Markus Lüpertz, Joseph Beuys and Donald Judd. Ends April 4. Daily
BARCELONA
Fundació la Caixa Willem de Kooning: 50 paintings, sculptures and works on paper by the key abstract expressionist painter. Ends April 3. Closed Mon (Centre Cultural, Passeig de Sant Joan)
BERLIN
Haus der Kulturen der Welt The Gardens of Islam. Ends April 4. Closed Mon
Neue Nationalgalerie Rebecca Horn (b1944): retrospective of the German artist renowned for her mechanical sculptures and provocative drawings. Ends May 1. Closed Mon
FRANKFURT
Schirn Kunsthalle Archaeological Treasures from Romania: 500 objects documenting 6000 years of history, including weapons, jewellery, gold and silver. Ends April 17. Daily
Jahrhunderthalle Hoechst Ernst Ludwig Kirchner: watercolours and drawings from the Brücke Museum in Berlin. Ends March 20. Daily
Städel Ernst Wilhelm Nay: 70 paintings from the early postwar years. Ends May 23. Closed Mon
Museum für moderne Kunst On Kawara (b1933): seven paintings and 62 drawings by the Japanese conceptual artist. Ends May 15. Closed Mon
GENEVA
Musée Rath Henri Michaux (1899-1984): more than 200 works by the French poet and artist. Ends May 22. Closed Mon
Musée d'art et d'histoire Egyptian Fabrics: a large private collection illustrating the techniques and richly-decorated styles which developed in the transition from the Coptic to the Islamic eras in Egypt. Ends May 1. Constantin Vaucher: drawings by the late 18th century neo-classicist. Ends May 29. Closed Mon
LONDON
Hayward Gallery Salvador Dali, The Early Years: 50 paintings and 50 drawings, as well as documents and photographs, concentrating on Dali before he became a celebrity, showing a young man experimenting with new styles and subjects with astonishing technical virtuosity. Ends May 30. Daily (advance booking 071-928 8800)
Tate Gallery Picasso: 200 sculptures, paintings, drawings and ceramics focusing on the relationship between sculpture and painting. Ends May 8. Daily
National Gallery Claude: The Poetic Landscape. Ends April 10. Daily
Victoria and Albert Museum Fabergé: 350 treasures from imperial St Petersburg. Ends April 10. Daily
Royal Academy of Arts The George Ortiz collection of antiquities. Ends April 6. The Unknown Modigliani. Ends April 4. Daily
British Museum The Study of Italian Drawings: an affectionate tribute to the late Philip Pouncey. Ends April 24. Daily
National Portrait Gallery Holbein and the Court of Henry VIII. Ends April 17. Daily
Whitechapel Art Gallery Medardo Rosso (1858-1928): retrospective of the Italian Impressionist sculptor. Ends April 24. Closed Mon
MADRID
Fundacion Juan March Goya: the first opportunity in Spain to see the entire, magnificent range of the artist's graphic output. Ends March 20. Daily
Centro Cultural Conde Duque Realisms: an exhaustive study of modern Spanish realist art, with works by 64 painters from three generations. Ends March 27. Closed Mon
MUNSTER
Landesmuseum Stangl Collection: 260 paintings collected by the owners of a renowned Munich gallery, including works by Klee, Beckmann, Jawlensky and other members of the Blaue Reiter. Ends May 15. Closed Mon
NEW YORK
Museum of Modern Art Frank Lloyd Wright: architectural fragments, full-scale constructions, 30 scale models and 350 original drawings. Ends May 10. Feininger, Kandinsky and Klee: 75 prints and illustrated books produced by three Bauhaus artists. Ends May 17. Closed Wed
Metropolitan Museum of Art The Decorative Arts of Frank Lloyd Wright: 35 works, including furniture, ceramics, sculpture and architectural fragments, seen in context with an actual living room created 1912-1914 for a private home in Minnesota. Ends Sep 4. Degas Landscapes. Ends April 3. The Golden Age of Danish Painting 1780-1850. Ends April 24. Caspar David Friedrich to Ferdinand Hodler: 19th century paintings and drawings from Germany and Switzerland. Ends April 24. 16th Century Italian Renaissance Drawings in New York Collections: little-known works by Raphael, Michelangelo and Titian. Ends March 27. Closed Mon
Guggenheim Museum Robert Morris (b1931): 170 works by the American minimalist. Ends April 17. The main museum is closed on Thurs, the SoHo site on Tues
NUREMBERG
Germanisches Nationalmuseum The Praun Kabinett: 130 German and Italian drawings ranging from Dürer to Caracci, recalling the art collection of a discerning 16th century Nuremberg merchant. Ends May 15. Closed Mon
PARIS
Louvre Egypt's Role in Western Art 1730-1930: paintings, furniture, porcelain, jewellery and other works of art, illustrating how ancient Egypt has gripped the western imagination over the centuries. Ends April 18. Closed Tues
Petit Palais Art of the Tainos Sculptors: 85 pre-Columbian masterworks in stone or wood, showing the distinctive character of Caribbean art and reflecting the religious ritual of drug-induced hallucinations. Ends May 29. Closed Mon
Centre Georges Pompidou The City, Art and Architecture in Europe 1870-1993. Ends May 9. Closed Tues
Institut du Monde Arabe Syria, Memory and Civilisation: this well-preserved didactic exhibition takes us from the Stone Age to the flowering of city states, from Hellenistic times to Byzantium and Islam. Ends April 30. Closed Mon (1 rue des Fossés Saint-Bernard)
VIENNA
Albertina Oskar Kokoschka: early drawings and watercolours 1898-1917 by the Austrian Expressionist, including studies and drafts for the legendary Wiener Werkstätte, the famous portraits of Karl Kraus and the fans for the artist's muse, Alma Mahler. Ends May 23. Daily
Kunstforum From Chagall to Picasso, Masterworks from the Guggenheim Museum: 70 major paintings and sculptures from New York's bastion of modern art, including works by Kandinsky, Klee, Matisse, Modigliani and Braque. Ends June 5. Daily
KunstHaus Le Corbusier (1887-1965): retrospective of the world-renowned Swiss architect. Ends May 1. Daily
Secession Brice Marden (b1938): 20 paintings showing the American artist's interest in oriental calligraphy. Ends March 13. Closed Mon
Kunsthistorisches Museum Isabella d'Este, princess and patron of the Renaissance. Ends May 29. Closed Mon

Taming the wild beast

Angus Foster on Brazil's latest effort at economic stabilisation

For Mr Roberto Macedo, former economic policy secretary, Brazil's latest financial stabilisation effort, under way since December, involves more than bringing down inflation. "We're running out of animals," he says.

His concern is not ecological. With annual inflation of about 2,500 per cent, the country's central bank needs a steady stream of new designs for ever-larger denominations of notes and coins. The latest set of drawings is nearly exhausted.

Brazil's rapidly devaluing currency is the most visible symbol of the country's economic troubles. It is also the knotty problem which the second of a three-stage stabilisation plan is now addressing. Mr Fernando Henrique Cardoso, finance minister, on Monday announced the creation of an accounting unit called the Urv, which is expected to form the basis of a new and theoretically inflation-free currency in a couple of months.

Brazilians remain sceptical that Mr Cardoso's plan will succeed. The country has seen six previous stabilisation attempts fail in the past eight years. But many businessmen agree he has achieved more than they hoped.

"Over the last few months Brazil has started to realise high inflation cannot continue. If the overall stabilisation plan is adopted, it has an enormous chance of success," according to Mr Wilson Brumer, president of Acesita, a large steel company based in southern Minas Gerais state.

Brazil's inflation has two main motors. Following decades of budget profligacy, the government has been forced to issue securities of ever-shorter maturity to fund its deficit. These are issued at higher and higher interest rates, now equal to more than 40 per cent a month. The process is equivalent to printing money, and is inflationary.

Second, and mainly in response to the first motor, Brazil created a sophisticated financial system. This uses indices which measure past price changes in order regularly to readjust current prices, rents and salaries. Because the indices are based on past inflation, the process becomes "inertial", or self-sustaining. Even if prices should be falling, they are kept high by increases based on past inflation levels.

According to Mr Winston Fritsch, one of Mr Cardoso's economic team, Brazilian inflation is now "basically inertial and expectational". The government estimates that without these two tendencies, for example if price rises were measured in US dollar terms, local inflation last year was below 5 per cent.

"So you need some kind of economic lobotomy to make people forget about past inflation," according to Mr Fritsch.

Such thinking formed the backbone to Mr Cardoso's plan. The first and most important step was to balance this year's budget, which had been projected to show a deficit of $22.2bn. This only represents about 5 per cent of gross domestic product, less than the deficits of many industrialised nations. But given the Brazilian government's poor international image, the deficit could only have been financed by continuing the inflationary cycle of short-term securities.

Following intense negotiations with Mr Cardoso, Congress last week finally agreed a package of cuts and revenue transfers to wipe out the projected shortfall.

According to Mr Fernando de Hollanda Barbosa, an economist at the Rio de Janeiro-based Getúlio Vargas foundation, Mr Cardoso did well to get his budget through Congress, where the government relies on a weak coalition for support. "It's been a major victory for him. But the important phase lies ahead. The first steps are just preconditions," he said.

Mr Cardoso quickly moved to phase two and unveiled the Urv – the Unidade Real de Valor, or real unit of value – which is partly designed to pave the way for a new currency, and partly as the "lobotomy". The central bank sets the daily value of the Urv in terms of the local currency, the cruzeiro real. At present, one Urv is equal to one dollar. As the cruzeiro devalues each day, the Urv is worth more cruzeiros but the same in dollars. Thus in terms of the Urv, there is little inflation.

All salaries have been converted to Urvs, and the government hopes the unit's apparent stability will tempt people to convert prices to Urvs voluntarily. Once the unit is widely in use, it will become a full currency called the Real and will be linked to Brazil's $32bn foreign exchange reserves to give it credibility.

This ingenious plan is fraught with problems, as Mr Cardoso admitted. "We can get inflation down, that part is easy. What's difficult is to keep it there. There are many difficulties. [The balanced budget] was approved in Congress but it will be carried out by the executive arm, and it's made more difficult by the fact we are in an election year."

Mr Macedo agreed: discipline in the new currency is the most difficult thing. "But let's suppose they reach two-digit inflation, annually, in the new currency, then that's a good thing. At least they will have gained time." Several previous stabilisation plans were designed to see a weak government through to the end of its mandate.

Political observers say presidential and congressional elections in October may put pressure on the government to increase spending and lead to inflation in the new currency. Mr Cardoso has already agreed to demands from other ministers for a 5 per cent bonus for public-sector workers. This is likely to cost the government about $310m and already threatens the balanced budget.

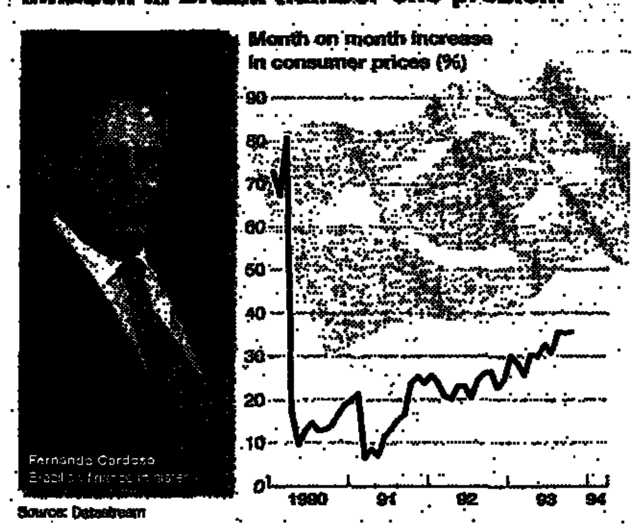
More worryingly, Brazil's erratic president, Mr Itamar Franco, is thought to be unhappy with the minimum monthly wage of $65 and wants a substantial increase by the end of the year. The labour ministry wants a minimum wage of nearly $100. This wage is used as a base in the social security system. Such an increase would lead to an immediate rise in government expenditure of $2bn-$3bn and leave the budget in tatters.

Mr Cardoso is dismissive of the wage rise idea. "This is the real world, that's why we want a real currency," he said. But businesses are worried, especially since unions in São Paulo are threatening to strike for higher wages.

The elections are also a problem. Mr Cardoso is widely assumed to be a strong candidate for president, but is short of time to bring down inflation and still resign from the government by April 2, as Brazilian law dictates. He may therefore have to stay in the government, as kingmaker, or hand over to a chosen successor and bask in reflected glory if the plan succeeds.

There is also an outside chance the law will be changed to allow him and other ministers to remain in office closer to the elections. Mr Cardoso, 62, is evasive and has become an agile dodger of the issue of his candidature. Asked about his greatest challenge, he replied: "To defeat inflation will only happen once in history. I hope I will live long enough to dispute an election again."

Inflation in Brazil: number one problem



Source: Datastream

Joe Rogaly

Rumbled in bumbledom

This is getting serious. The British government is being shown to be a bad liar. Worse, it begins to look as if Albion has forgotten the rules of perfidy. These are: do not get found out, have a plausible explanation ready just in case, and, finally, be honest and open whenever you possibly can. The latter rule is placed third, but do not be misled. It is of the essence of the matter. Poker players whose bluff is called cannot easily bluff again.

Properly applied, the above three precepts might have kept Mr John Major and his cabinet out of the mire into which they have fallen. It is important not to be naive about this. All governments lie; many are treacherous; some cheat. A few polities, of which the American is the most outstanding, contain many checks and balances. These do not prevent corruption, but they make its detection possible. In continental Europe, backroom deals are not unheard of, but the most able administrators manipulate events with the greatest aplomb. For some reason, France springs to mind.

The present British government would not recognise aplomb if it tripped over it. If it has read Machiavelli, it has failed to understand him. Our political masters lie like schoolboys. When caught, they point the finger of blame at one another. They invent hugely improbable excuses. They squeal and protest and whine that it was just this once. They shuffle words about, hoping that dextrous use of the infinitely flexible English language will deceive us. In short, they are incompetent with the truth.

The degree to which this matters varies. At the election of April 1992 the Tories promised not to increase income tax or national insurance. They also said that they would not extend the scope of value added tax. To top it all they intimated that the economy would start to recover the day after they were returned to power. In fact, taxes have been increased by the greatest amount in peacetime history. The recession is over, but recovery did not begin until a year after Mr Major's victory.

The government is paying dearly for its deceit. Usually supportive popular newspapers, aware of the disillusionment of their readers, have turned against the Conservatives in general and Mr Major in particular. The tabloids will probably return to the fold, but the Tories' fate at the next general election, due in 1996 or 1997, depends in large part upon the electorate's memory.

The government would not recognise aplomb if it tripped over it. If it has read Machiavelli, it has failed to understand him

Some concealments are justified. During much of last year the government led us to believe that it was not in communication with the Irish Republican Army. It chose its words carefully, referring to negotiation rather than communication. Yet the implicit message was that there would be no contact with terrorists. In November it emerged that the Northern Ireland secretary, Sir Patrick Mayhew, had used an intermediary to establish whether there was anything in the proposition that the IRA was ready to declare a ceasefire. He was obliged to publish the relevant documents. There was a passing flurry of critical comment. Titch. Most of us accept that in this instance the government was right. If subterfuge is required to bring peace to Ulster, let us have more of it. Just do it better.

Some breaches are winked at by Conservative back-benchers. Take the celebrated promise to build a dam at Pergau in Malaysia to offset the cost, to the Malaysians, of purchases of British arms. Sweeteners may be an inevitable part of the armaments trade. Where they come from is controversial. The permanent secretary of the overseas aid administration, Sir Timothy Lankester, regarded the Pergau project as an abuse of the aid budget. He demanded a written instruction before he would proceed. His fellow officials have silently applauded, hoping that they would have done the same. One solution to the aid problem would be a separate sales-promotion slush fund for armaments deals. Another would be to look for different ways of making a living. That would be best. The weapons business is ultimately unprofitable. The Labour party rightly proposes a change to industries producing non-lethal goods.

To most people, these are fine arguments. What sticks in the throat is that the government broke its own rules and then hid behind half-truths. One rule is that aid and arms sales should not be linked. This week Mr Douglas Hurd sat before a parliamentary committee to confess that, for three months in 1988, they were. It was a "temporary and incorrect entanglement," he said. When it ended, the then defence secretary wrote to the Malaysians to say that an aid-arms link was not possible. The British high commissioner in Kuala Lumpur wrote to the same minister on the same day offering the same amount of aid. On Wednesday Mr Hurd argued that the two strategies – promoting defence sales and using aid to get civil contracts – were thenceforth separately followed. There was no link. He was as convincing as a bigamist protesting that his two marriages are separately enjoyed.

Such malarkey can spoil a government's reputation. Lord Justice Scott's inquiry into the sales of arms-manufacturing machinery to Iraq could blow this government apart. We must await the report to see whether it does. The evidence to date suggests that, however much they may deny it, some ministers seem to have felt obliged to risk the unjust imprisonment of three businessmen, merely to protect papers the government wanted to keep secret. A few of these documents should be secret; most of them should not.

There is also the little accusation that the rules on arms sales to President Saddam were breached, and Parliament misled about it, but the politically explosive potential of that one is limited. What would anger people in all parties would be a finding by Lord Justice Scott that politicians were prepared to sacrifice individuals in the government's own interests.

In sum, the underside of what was once universally regarded as a smooth, silken administrative machine has been exposed. Departments that thought they knew best now do not even know how best to measure what is and is not proper, let alone what Parliament should and should not be permitted to know. Whitehall and Westminster, which in good times work well together, are without camouflage. What is revealed is the kingdom of bumbledom.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Bad luck or bad plan?

From Mr Russell Sparkes.

Sir, Is it not typical of the government's bad luck (or poor judgment) that just as the controversial Thorp nuclear reprocessing plant is about to start, a story in the FT ("Plutonium plan may be suspended", February 24) reports how the Japanese government is about to suspend its plutonium recycling programme, and with it Thorp's major customer? The FT also mentioned the French government's decision to cease the production of electricity (and plutonium waste) at its Superphenix fast breeder reactor ("Utilities could sue over reactor", February 24). The two countries normally described as having made a success of nuclear power are clearly having second thoughts.

Russell Sparkes,
Ethical Investment Consultants,
East Sheen,
London SW14 7RL

Financial sector prepares to rebuild relations in Malaysia

From Mr Andrew Tuckey and others.

Sir, The current difficulties over commercial relations with Malaysia are of great concern to companies in the financial services sector.

Malaysian government policy has been the driving force behind the transformation of Malaysian corporate structure. In assisting the implementation of that policy over many years, we have learned to value the Malaysian viewpoint and to admire the political stability and economic management of a country which has achieved steady growth averaging more than 8 per cent per annum for the last five years.

We are proud to have played a part in this success story.

We would encourage both governments to bear strongly in mind the mutual benefits which have accrued through the investment banking industry as well as through the success of Malaysian/UK industrial co-operation. We shall do everything we can to repair the damage.

A Tuckey,
chairman, Baring Brothers,
J Rockley,
chairman, Kleinwort Benson,
G Mallinckrodt,
chairman, Schroders,
Sir Michael Richardson,
chairman, Smith New Court,
Sir David Scholey,
chairman, SG Warburg

Passenger talks back

From S N Payton.

Sir, Sitting in a 757, I read with interest the article about wide-ranging consultations conducted by Boeing during the design of its 777 aircraft (Technology: "The century's last take-off", March 1).

It would seem that the only interested party not consulted was the PBP – the Poor Bloody Passenger. I suppose we have to take what's given to us.

S N Payton,
28 Peachfield Road,
Worcestershire WR14 4AP

Fraud detection possible for the vigilant auditor

From Mr Brian Warnes.

Sir, Thank you for Andrew Jack's excellent article (Recruitment: "Duty to report may not put the heat on fraudsters", February 24) in the aftermath of the BCCI affair, about the duty of auditors to report fraud; and the differing views of those who think auditors ought to be made responsible for detecting fraud and those who believe this cannot be done, eg because of the lack of access to the third-party bank accounts and records.

Fraud involves transferring cash and assets out of a business, by whatever means. This process upsets the established patterns of behaviour, of assets to liabilities, of costs to income, of working capital to turnover, of margins to overheads ("break even") etc.

Detecting *changes* in these patterns does enable fraud (or error) to be highlighted, sometimes quite quickly and nearly always to a high degree of certainty, as a normal part of the audit.

Only audit firms and investigating accountants who are not using such methods (and some are not) need fear the extra responsibilities which are now being thrust on them by the inevitability of events.

Likewise for bankers, shareholders, investors, suppliers, depositors, customers, staff, and all others who depend on their vital work.

Brian Warnes,
managing director,
Business Dynamics,
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London SE3 9LA

Vital element in pensions regulation

From Mr Gareth Marr.

Sir, In your interesting history of the regulators' involvement in controlling pensions transfers, one aspect was missed – the practitioner's input.

One of the main reasons for any damage that will come to light over the next few months will be the technical inadequacy of the individuals advising the public on this most complex of subjects.

These inadequacies were present in the regulators. On my appointment to the Fimbra council in December 1991, I persuaded colleagues of the need to address the pension transfer issue. In early February 1992 I consulted with OPAS, the Society of Pensions Consultants and NAPF, and produced a note on best practice which Fimbra published. Lautro worked alongside us and published its guidance at the same time. Evidence points to an improvement in compliance from that date.

The technical competency of regulators is improving dramatically, but they cannot be expected to have the same in-depth knowledge of every aspect of financial services as practitioners.

The public could well be damaged again by those who seek to exclude practitioners from participation in regulation at the highest levels and those calling for the easy-ride option of statutory regulation. Hopefully, PIA will ensure that experts, rather than politicians, from the financial services industry have a direct influence on policy. This form of self-regulation should ensure the consumer will not get fooled again.

Gareth G Marr,
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Commercial agents rules not so tough

From Ms Linda Fazzani.

Sir, Ian Hamilton Fazey's article "A rude awakening in Britain" (FT Exporter, January 27) concerning the new Commercial Agents Regulations contains certain statements which could be misinterpreted and deserve clarification.

The regulations apply to agents dealing with goods on behalf of another, whether on commission or for fixed payments. An agent may now claim compensation when an indefinite term contract is terminated (including for death or infirmity of the agent) even if the principal has a contractual right to terminate. Mr Fazey states that an agent could now claim up to a maximum of three months' average commission as compensation. The regulations in fact set no overall maximum. It is likely, however, that the courts will favour the indemnity formula in the regulations to calculate compensation, namely no more than the equivalent of one year's commission averaged out over the last five years of the contract.

Mr Fazey's compensation assumption seems based on the minimum notice provisions of the regulations: in the case of an indefinite term contract, the minimum notice period of one month for every year of the contract to a maximum three months. If that notice is not served, an agent may claim damages for breach of contract based on commissions that could have been earned during that period as well as compensation or an indemnity.

Timing of commission payments is also affected. It has been common practice to withhold commissions until the principal is paid by its customers. Now, an agent becomes entitled to commission when the principal completes or should have completed the transaction or, if earlier, when the customer has completed the transaction. This provision can be excluded by agreement.

What cannot be excluded is the provision fixing the latest point when commission is due, namely when the customer has "executed his part of the transaction or should have done so".

Thus, a principal can only withhold commissions until payment is due from the customer. This can cause a cash flow problem for the principal where customers pay late, but the position is not as bad as Mr Fazey indicates.

Discussion on interpretation of the regulations will no doubt continue until cases come to court.

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FINANCIAL TIMES
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Friday March 4 1994

Block votes and Brussels

British support for EU enlargement often appears self-serving in the eyes of Britain's present partners, who suspect that Britain's real objective is to dilute the Union, making it more like a free trade area and less like a federation. Yet Britain has good arguments on its side: the EU will be strengthened by the entry of new Nordic and Alpine members, and it has strong reasons of both morality and self-interest for not turning its back on the newly free countries of central Europe.

It is perverse, therefore, of the British government to risk torpedoing the agreement on admission of Efta countries by insisting that the "blocking minority" in the EU council under the qualified majority voting system (QMV), should remain unchanged even in a larger Union. The larger the number of member states, the more difficult it will be to achieve consensus, and the greater the danger of paralysis. To insist that the same number of states should be able to block a decision means that a larger number will have to be lined up in favour before a decision can pass. By taking this line, the UK courts the accusation that paralysis has been its true objective in backing enlargement.

British ministers claim they need to keep the blocking minority at 23 votes, which can be mustered by two large states and one small voting together, in order to preserve the open and competitive character of the Union against "the protectionist majority". Only Germany and the Netherlands, it seems, can be relied on to vote with Britain on many such issues. This seems just the kind of negative and defeatist approach which has so often isolated the UK from its European partners – including Germany and the Netherlands, both of which, as it happens, support raising the threshold to 27 votes in order to keep it constant as a proportion (30 per cent).

One reason why Britain has supported the entry of its former Efta partners is that they generally share Britain's commitment to free trade. Enlargement, therefore, so far from inciting Britain to cling to a veto, should strengthen its confidence that it can win important arguments in the council on their merits. Nor should this issue be confused with the question of subsidiarity. There are strong grounds for wishing to limit the competences of an enlarged Union, leaving more issues to be resolved at national level or below; but where it does have competence, it must have the capacity to decide and to act.

The UK should not feel comfortable to find itself allied on this issue with Spain, which hopes to use the blocking minority to defend a pattern of EU spending that is neither in British interests nor in those of the new members. Spain has other demands that are more reasonable, such as an increase in its own voting weight to equal that of the other big countries, and a right for Spanish fishermen to fish in Norwegian waters when Norway joins. It is on these points, rather than the blocking minority, that Mr Felipe González should be placated.

Open universities

Britain's higher education system lurches from feast to famine. After several years in which student numbers have soared, expansion was yesterday brought to a sudden halt. Such wild swings in policy do not simply conspire against good university management. They are also symptoms of an over-centralised higher education system. The number of students who go into higher education, the fees charged and, in large measure, the budgets of individual universities are all set by a centralised quango.

The result is not merely that many school-leavers will be unable to find university places this autumn. The squeeze in government spending per student – it has fallen by a third in real terms over the past two decades – is endangering quality. Meanwhile, centralised capping of student numbers blunts the incentive for universities to compete to attract students.

It is widely accepted that the proportion of school-leavers who go into higher education should rise. The figure is already nearly one in three and the government would like to see it go higher. The snag is that the public-sector deficit will not permit the state to pay for such expansion.

So far, ministers' attempts to square the circle have been timid. The main initiative has been to increase the proportion of student maintenance financed through loans rather than state grants.

But a more radical policy is needed if higher education is to expand again in 1997, as ministers intend, without an unacceptable decline in quality. To achieve this, most students should be required to pay for the bulk of their tuition. This is quite reasonable, since they benefit from university education in the form of higher lifetime earnings.

The key is to allow students to borrow against their human capital to finance their education, while repaying the loans over a long period of time as their income increases. The best way of structuring such a loan scheme is still a matter of debate. But a recent study by the London School of Economics makes a powerful case for repaying loans through the national insurance contribution system. This would be administratively simple and ensure that loan repayments were linked to ability to pay.

A new financing mechanism would not merely be a way of bringing extra funds into higher education. It could pave the way for freeing universities from the shackles of central government. If students ultimately paid for their own education, there would be little need for a quango to fix student numbers or set fees. These could be set in the market, as individual students sought out the best courses for their needs.

One consequence is that universities would have to compete on price and quality to flourish. Such a competitive spur would help put Britain's generally admired higher education in better shape for the next century.

Singh's gamble

Mr Manmohan Singh's fourth budget, announced this week, has to be judged against the background of nearly three years of remarkable progress in opening up an Indian economy distorted by decades of protection and over-zealous bureaucracy. Indian companies are working with a new spirit of enterprise, far less fettered by government, and have substantially boosted exports. The liberalisation which made this possible has been advanced somewhat by Mr Singh's budget. But investors who have been pouring money into India may be disappointed that the finance minister has not taken advantage of the government's now strong political position to push the reform process ahead more aggressively.

Mr Singh was facing twin problems: the fiscal deficit has been running far higher than he expected, partly because economic growth has been slower. He opted to boost the latter and take a risk that the former will not balloon further. Unsurprisingly, the Indian business community is delighted with cuts in interest rates and corporate taxes. There is no trace of austerity measures to bring the budget deficit back on track – the target has been set at an undesirably high level of 6 per cent of gross domestic product. This is an acknowledged gamble. The government still lacks broad enough popular support for reform because it has not triggered Chinese-style growth. If the economy could be induced to boom without excessive inflation, it would reduce the fiscal deficit and provide a broad mandate for further liberalisation.

Admittedly, the budget deficit is not as alarming as it was in 1991 when it was financed by foreign borrowing. Now it is financed internally and Mr Singh has pledged to eliminate direct government borrowing from the banking system within three years. At the same time, inflation is in single figures and the reserves position is so comfortable that the International Monetary Fund is to be repaid early.

There are also good reform measures. Convertibility of the rupee on current account transactions is an important step forward. Import duties have been reduced further, and simplified. There are moves towards indirect taxes which would enable the government to reduce its dependence on customs duties and reduce them again. But there were no surprises, and nothing suggesting a desire to accelerate the pace of reform. For the time being, this may be it. Significant reforms of taxation and labour law, as well as stepped-up privatisation, may have to wait.

India's reforms have not, however, come so far that they will create their own momentum. Mr Rao and Mr Singh need to ensure that they do not, by reverting to the slow track, allow the progress they have made so far to be sacrificed to the many still well-protected interests – in the public sector, business and labour – who stand in the way of a true opening of the economy.

Excess gives way to restraint

David Marsh assesses the quiet revolution at the EBRD as its new president seeks to build confidence

Just before Christmas, Mr Jacques de Larosière, president of the European Bank for Reconstruction and Development, received a top-level visitor. Lord Lawson, former UK chancellor of the exchequer, now chairman of the Central Europe Trust consulting firm, dropped into the bank's London headquarters to offer some hints on channelling resources to eastern Europe.

"It's not that usual in my experience for an international civil servant to seek out the view of the private sector," says Mr Tom Lampl, one of the firm's managing directors, who accompanied Lord Lawson on his visit. "Normally they have their heads in the clouds playing politics. But he [de Larosière] has his ear to the ground. He really wants to find things out."

Mr de Larosière's keenness to listen illustrates just one way the public-sector bank has changed since his predecessor, Mr Jacques Attali, resigned last year at the height of a crisis caused by mismanagement *and budgetary extravagance.*

A former governor of the Bank of France and managing director of the International Monetary Fund, Mr de Larosière has been carrying out a quiet revolution since he took over at the end of September.

He quickly concluded that the bank, established in 1991 with Ecu10bn capital to provide loans and equity to the former communist *bloc, had become too cumbersome* and disorganised to carry out its mandate.

Mr de Larosière has been squaring up to two principal tasks. First, he has had to win the support of the bank's 56 mainly government shareholders for measures to cut costs and increase efficiency. An important stage in the process was reached yesterday at the EBRD budget committee, which discussed Mr de Larosière's proposal to maintain the bank's personnel and administrative spending for 1994 unchanged from 1993 at £116m. The EBRD board is expected to approve the budget plan in three weeks.

Underlining the bank's problems in controlling expenses, the budget last year rose by roughly 50 per cent compared with the start-up phase in 1992.

Second, he has been trying to improve long-term confidence that the bank can fulfil its aim of developing the nascent private sector in eastern Europe and the ex-Soviet Union.

Doubts whether the EBRD can meet this objective reflect the general deterioration of the political and economic environment in the east during the last two years, as well as the damage to its reputation caused by the Attali affair.

The EBRD's management crisis has focused attention on a fundamental contradiction in the bank's operations. It was established to provide additional resources to the former Soviet bloc. But it has to meet standards of extreme prudence in its investment policies – one of the reasons why it has been frequently criticised for cumbersome administrative procedures.

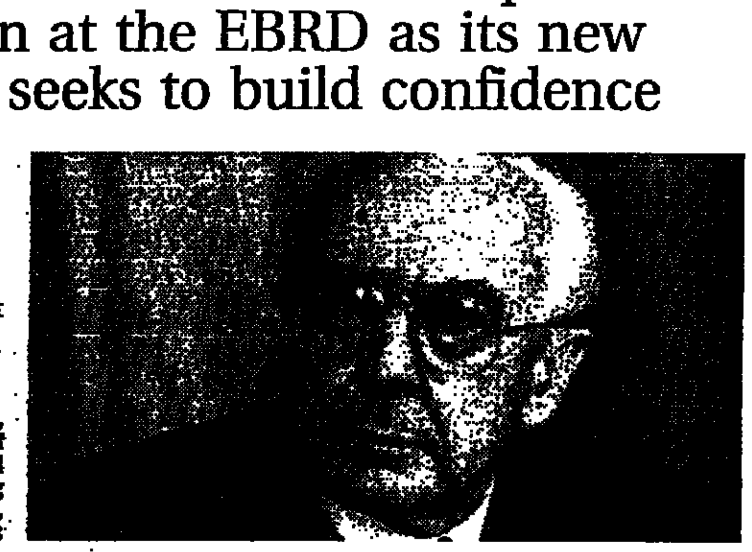
The EBRD lends under fully commercial terms – charging higher interest rates, for instance, than the European Investment Bank, the EU's long-term lending institution, which competes with the EBRD in some areas of eastern Europe.

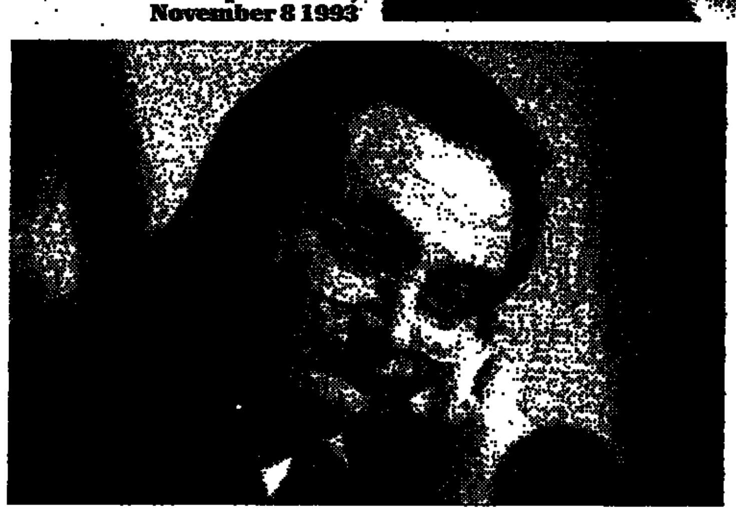
By the end of 1993, the EBRD had committed a cumulative Ecu2.8bn (£2.1bn) and disbursed Ecu556m in 2½ years of operations – much less than originally planned. About 57 per cent of the bank's loans and equity investments have been channelled to the private sector and 43 per cent to the public sector, compared with the 60/40 split called for in its statutes.

By contrast, the EIB, which is a shareholder in the EBRD, has so far committed Ecu1.7bn to eastern Europe, of which about half has been disbursed. In view of the EIB's limited engagement in eastern Europe compared with its overall lending, the EIB has, according to some critics of the EBRD, been much more effective in channelling resources to the former communist countries.

'I could not go on one week more with the problems we had. I think this reorganisation addresses the concern that the bank had insufficient country focus.'

Jacques de Larosière, announcing merging of development and merchant banking departments, November 8 1993





'In this century of the ephemeral, where celebrities are changed like objects, all men of power who refuse to submit to the norms of society are threatened with a transitory hold. Perhaps only men of grey can find a place in our institutions.'

Jacques Attali writing of his downfall as EBRD president, January 1994

Under the leadership of Mr Attali, who as special adviser to French President François Mitterrand was the main inspiration behind the EBRD's foundation, the bank suffered from an acute imbalance between aspiration and reality.

Mr Attali's relationship with the bank's 23-member, London-based board was frequently adversarial. One EBRD insider says bluntly that Mr Attali was not trusted by big shareholder governments.

A former EBRD director contrasts Mr de Larosière's sober and professional style with the "oppressive and domineering" manner with which Mr Attali used to handle board meetings. He says of the former president: "He felt it was his bank. He felt it was his property – his child, he called it. I don't think he ever came to terms with the fact that it was owned by governments and the directors were representatives of its owners."

To put the bank's operations on to a more realistic footing, Mr de Larosière has set a target for new commitments of Ecu1.8bn this year, the same as last year's actual total and much lower than the Ecu2bn to Ecu2.6bn originally budgeted by Mr Attali for 1993.

The bank has embarked on several new programmes, including ambitious plans to provide venture capital and loans for small businesses in Russia. However, since the EBRD's lending in coming years will remain below earlier expectations, it will continue to run the risk of looking top-heavy.

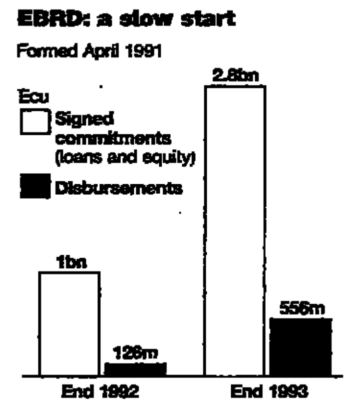
The bank now employs about 700 staff, since Mr Attali's original plans for 800 employees by the end of last year were never realised. One of Mr de Larosière's first actions was to freeze creation of new posts. About 35 employees have left the bank since he arrived, and a large number of employees has been redeployed. The number of operational banking professionals has been increased by 25 per cent to 250 people.

Mr Mario Sarcinelli, currently third in command at the bank under Mr de Larosière, and Mr Ron Freeman, the senior vice-president, will leave next month after his appointment as the next head of the Banca Nazionale del Lavoro, the Italian public sector bank.

However, so far Mr de Larosière has brought in only two new people at a senior level. They are his principal aide, Mr Philippe Richard, who came with him from the Bank of France, and Mr Claude Peyrot, a temporary management consultant – known by some at the EBRD as "the secret weapon" – who has also previously worked at the French central bank.

EBRD: a slow start

Formed April 1991



To gear the EBRD's activities more closely to the varying needs of the 25 diverse countries in which it operates, the president decided in November to merge the merchant and development banking departments, which previously handled private and public-sector business separately.

Mr de Larosière is convinced that the bank previously failed to put sufficient emphasis on identifying profitable private-sector deals in its countries of operation. He was surprised to find that only 20 EBRD staff spoke Russian.

One director reports "strained nerves" as a result of Mr de Larosière's insistence two months ago that five staff members move to Russia on secondment with local banks, as part of his efforts to decentralise operations. Mr de Larosière wants to increase by 20 the bank's staff (both expatriates and local employees) in its 11 offices outside London – a 50 per cent increase from the present tally of 40.

He also wants to improve the bank's effectiveness by increasing the number of investment instruments at its disposal. Proposals under review include the ideas of taking more stakes in local banks and investment funds in its countries of operation, and providing guarantees to back private sector loans for certain projects.

One problem, however, is that the EBRD's deals have become both smaller and more time-consuming as it tries to shift towards private-sector business. Although the bank aims to multiply the effects of its investment through co-financing with other banks, it normally has to shoulder by itself the time and expense of credit analysis. "These are mainly borrowers without credit history," says one EBRD executive. "In practically every case we are starting from scratch."

Roughly 20 per cent of the time of its 250 mainstream bankers is spent monitoring credit risks. Already there are signs of an increased need for write-offs on some investments, such as the alleged overvaluation of the EBRD's 20 per cent stake in the Czech national airline.

Even though the bank's problems are by no means over, its main shareholders voice relief at the switch of presidency. Mr Lee Jackson, the deputy US director at the bank, says: "He [Mr de Larosière] has brought a greater degree of focus. My government and I are very supportive of what he is doing."

Mr Günter Winkelmann, Germany's director at the EBRD, says: "There has been a dramatic improvement." Mr Attali stated in a recent book* that he was toppled by a revolt against his own proposals last summer to restructure the bank and make it more efficient. Mr Winkelmann, however, refutes this claim. "That is not true ... In the end, he [Mr Attali] was not accepted by the board, not accepted by the staff. It is this that brought him down."

Mr Tomas Parizek, director for the Czech Republic, Hungary, Slovakia and Croatia, says Mr de Larosière's decentralisation plans are "in the right direction". He emphasises that the bank should not simply put more bankers in the field, but should also find ways of increasing its effectiveness by injecting equity into banks and investment funds in its countries of operation.

On the ground in eastern Europe, the staff in the EBRD's present network of offices win few plaudits. One international investment banker in Budapest says he has met the EBRD's local staff only at parties and receptions. "These people are the worst kind of diplomats you can imagine," he says. "The best that they can do is set appointments."

Senior bankers in Poland say they deal with the EBRD's London headquarters rather than its Warsaw office when they want to do business. The World Bank's local office has much more of an operational function. In Prague – where the EBRD is generally held to have played only a minor role in economic restructuring – there is support for a stronger EBRD presence. "Decentralisation is a good thing, and the bank should be more willing to listen," says a senior fund manager in the Czech Republic.

For all the criticism to which it is accustomed, there are signs that the EBRD can find a useful role in areas where commercial banks are reluctant to lend. In association with a Russian state-owned oil enterprise, US oil company Conoco last year borrowed $90m from the EBRD for a $350m oil project. Mr Mike Espinosa, Conoco's assistant treasurer, says he is "absolutely ecstatic" over the EBRD's track record, and contrasts its willingness to lend money to Russia with the excessive prudence shown by commercial banks.

Similarly, Mr Wayne Murdy, chief financial officer at Newmont Mining, the US-based gold company, says he is "very complimentary" about the EBRD's work on a $105m loan for a joint-venture gold mine in Uzbekistan. "We couldn't have got a commercial bank to take on a commitment in Uzbekistan without them."

Despite accolades like this, many would agree with the assessment of Mr Wolfgang Roth, the EIB's director responsible for eastern Europe, that the EBRD is "not basically necessary". An alternative three years ago, Mr Roth says, would have been to establish a joint subsidiary of the EIB and the World Bank. "But now we have it, we must make the best of it."

After Mr de Larosière's initial moves to curb the bank's structural defects, the EBRD has regained the support of its shareholder governments. His hardest task, however, still lies ahead: to show during the next few years that the EBRD can make a real contribution to the development of functioning capitalist economies in the former communist bloc. In the meantime, the EBRD will remain highly vulnerable to political and economic setbacks in the countries it was set up to serve.

Additional reporting by Christopher Bobinski in Warsaw, Patrick Blum in Vienna and Nicholas Denton in Budapest

**Europe(s), published by Fayard, Paris, 1994*

OBSERVER

In the brown Windsor

■ Forget collapsing marriages, burgled rooms, paparazzi embarrassments – the House of Windsor has suffered all those indignities and more recently. No, what really threatens to take it from the realms of fairytale into the backyard is – my dear! – trade.

Take Prince Michael of Kent, the Queen's cousin. He's just made an appearance on CNN's flagship talk show, Larry King Live. He was there touting a mail-order catalogue called The House of Windsor Collection. It was a hilarious performance, with King asking things like: "What is the royalty doing regarding product? . . ."

Quick as a flash Prince Mike was hauling out ties, a candelabra, a wine glass and a dinner plate, just like some encyclopaedia sales rep. The confusing thing was that as Mike did his best to promote his wares on the basis of their exclusivity – 80 per cent of the stuff coming from companies holding the royal warrant – King six times gave a free-phone number viewers could call to get their free copy of the catalogue. King said it made him sound as if he was on a home-shopping network.

But in the end Prince Mike showed his true colours, suggesting that if the fairytale is over, then at least fantasyland lingers.

When asked about what was happening to any profits he said: "We haven't got that far, really, at looking at profits."

Tucked up

■ Those looking for portents of the death of British trade unionism as we knew it have pointed to the TUC's overtures to political parties other than Labour, inviting the Treasury's financial secretary Stephen Dorrell to give a speech at TUC HQ in London yesterday being but one instance.

But the final nail in the coffin must surely be that the TUC has succumbed to the wiles of public relations. The TUC has always done these things in-house before but now seven PR firms are pitching for the account, which should be awarded by the end of March.

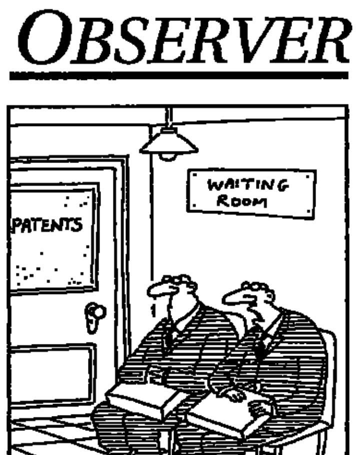
Presumably the first press release will arrive with black-edged borders.

Odd omission

■ Lady Thatcher was in fighting form yesterday as she lashed Europe's protectionist policies at the "World Trade after Gatt" conference chaired by her old chum Lord Parkinson. Europe, she said, should follow the example of the Asian tigers whose economies had thrived on international competition.

Hong Kong, Singapore, Thailand, Taiwan and South Korea all got a plug as economies challenging the industrial supremacy of Europe and the US. But no mention of the fast-growing Malaysian economy.

An odd omission, as was the sudden cancellation of Lady T's planned question and answer session at yesterday's conference.



'I've invented a dam that fires missiles'

Unsold Carr

■ The death at 81 of one of Britain's more interesting novelists, James Lloyd Carr, probably means that another piece of the jigsaw concerning the late unlamented Robert Maxwell will never quite be slotted into place.

Carr once told a colleague the tale of how, in the late 1980s, a Rolls-Royce drew up out of the blue outside Carr's modest house in the sleepy Northants town of Kettering. Out stepped Cap'n Bob himself.

Carr wouldn't disclose the details of the conversation, in order, he said, to avoid further embarrassing Maxwell's family. He restricted himself to depicting Maxwell's massive ego.

But Maxwell's visit almost certainly was to try to buy Carr's tiny publishing company, Quince Tree Press, which never achieved an annual turnover exceeding five figures; Carr specialised in miniature chapbooks, maps and some of Carr's own novels. Maxwell was turned down; making Carr not just a lovely novelist, but also a very canny publisher.

Kudlow's high

■ Lawrence Kudlow, Bear Stearns' chief economist, who resigned yesterday after eight years with the company, says he wants to spend more time with his politics. He's got the experience – General Motors thinks he has broad public appeal, having long used him as a TV salesman for Cadillac cars.

He's also got the connections, as former deputy budget director in the Reagan administration and more recently the economic brains behind Christine Whitman's successful campaign for the governership of New Jersey.

He turned down Whitman's offer of New Jersey state treasurer, probably seeking a bigger pool to swim in. Word is he will run for the Republicans against Daniel Moynihan, the celebrated Democrat senator from New York.

Party line

■ A bit odd that Midland Independent Newspapers, which is being floated on the stock market, has the same chairman as the Tory party. Sir Norman Fowler can point to the fact that he accepted the chairmanship of the regional newspaper chain a good six months before he was tapped to be party chairman. Although it sounds like he will be stepping down as party chairman before long, he has not given up hope of further high office.

The group stoutly defends its editorial independence but perhaps it should remove the independent from its title until Sir Norman quits the political scene.

Exactly

■ A van bearing the legend "City Eggs – purveyors of fine foods" was spotted recently making its way along Fleet Street. So now we know who supplies the City with its good eggs. Observer is still curious as to where the bad eggs come from.

FINANCIAL TIMES
Friday March 4 1994

US under pressure on Bosnia as UN requests 10,000 more troops

By Judy Dempsey and Philip Stephens in London and Laura Silber in Zagreb

The US is coming under increasing pressure to send ground forces to Bosnia, following a request by the United Nations for an extra 10,000 troops to shore up the republic's ceasefire.

General Jean Cot, head of the UN's peacekeeping forces in the former Yugoslavia, said it was a "strange and not very courageous idea" that the US would consider sending troops only after a peace settlement was secured.

Gen Cot said it was essential for the US, followed by Britain and France, to send troops "immediately", implying that the ceasefire in Sarajevo, the Bosnian capital, and in other parts of the country was running on borrowed time. France, followed by Britain, have between them 6,500 troops in Bosnia.

Britain yesterday held out the possibility it might send more troops. But amid signs of a cabinet split and fears of a potential backlash in the Conservative ranks, it rejected a request from General Sir Michael Rose, the UN commander in Bosnia, for immediate reinforcement of Britain's 2,500 troops.

Responding to the latest UN plea for an extra 10,650 soldiers to join the 13,000 already in Bosnia, Mr John Major, the prime minister, said further British help would be proportionate to and contingent on increased participation in the peace effort.

Mr Yasushi Akashi, the UN special envoy for the former Yugoslavia, warned that without the extra troops fragile ceasefires could otherwise collapse. Gen Rose reinforced the warning by saying his troops were now operating "on a wing and a prayer".

In the Croatian capital Zagreb, Mr Akashi said: "We are profoundly disturbed by the lukewarm and negative response to date [for more troops]. Its a real test case for member states to show whether their protestations for peace in Bosnia are really backed up by concrete actions."

US diplomats argued this week that the preliminary agreement in Washington between Bosnia's Croats, Moslems and the Croatian government would in fact require fewer ground troops. "Since this agreement would be more benign, it would need fewer troops, so the US might not have to sign on," a US diplomat said.

But UN officials yesterday said refusal or reluctance by western governments could be exploited by Bosnian Croat, Moslem and Serb military commanders on the ground.

Gen Rose has told Mr Malcolm Rifkind, UK defence secretary, that he needs more British troops with experience of Northern Ireland. But a number of senior UK ministers – said to include Mr Kenneth Clarke, the chancellor, and Mr Michael Heseltine, the trade secretary, have hitherto opposed greater British involvement on the ground.

The need to consolidate the ceasefires comes amid further talks between Bosnian Croats and Moslems and Croat officials. They are due to meet in Vienna today to try to draw up maps and structures to implement a federation for one part of Bosnia which *will have a loose arrangement* with Croatia.

Belarus, Latvia and Moldova also face action over claimed energy debts

Russia cuts gas supplies to Ukraine

By John Lloyd in Moscow, Jill Barshay in Kiev and Robert Corzine in London

Russia has started cutting gas supplies to Ukraine, threatening an energy blockade which would add to the problems of the country's crumbling economy.

Russia, energy supplier to much of the former Soviet Union, has been moving towards world prices in its gas and oil supplies. This has put pressure on the economies of energy-dependent states like Ukraine, where economic reforms have hardly begun and where inflation and financial crises are widespread.

About 95 per cent of Russian gas exports to western Europe pass through Ukraine. However, western customers maintain emergency reserves of gas to guard against possible disruptions, and some supplies could be shifted through the European gas grid to compensate for shortfalls in individual countries. In addition, demand for gas is likely to decline as winter ends.

Any prolonged reduction of Russian gas exports through Ukraine is likely to be felt most in central Europe, which has few links to the western grid. Bulgaria, the Czech Republic and Slovakia could be hardest hit, as they are almost entirely dependent on Russian gas.

The Russian action, made as Ukrainian president Leonid Kravchuk flew to the US to meet President Bill Clinton, comes two weeks after Turkmenistan, Ukraine's other main gas supplier, cut off supplies to the country.

Russia has accused Ukraine of taking extra gas from the pipeline in order to compensate for the Turkmen cuts. The pipeline carries 500m cubic metres a day both for Ukraine and to customers in Germany, France Italy and central Europe.

Gasprom, the Russian monopoly gas company, says it is owed Rbs1,500bn ($900m) by Ukraine. However, Ukraine claims it owes only Rbs300bn. A Ukrainian offer to pay $20m on account by tomorrow has been refused by Gasprom, which said it was not large enough.

Yesterday's reduction in gas supply came only two weeks after Russia and Ukraine had appeared to have struck a 10-year deal to supply Ukraine with 50-70bn cubic metres of gas a year.

Officials in Kiev deny that some of the extensive Russian gas supplies passing through the pipeline would be siphoned off to replace Russian supplies to the Ukraine.

However, the officials remained sceptical yesterday that Russia could effectively cut gas supplies to Ukraine alone, because it was so easy for Ukraine to take gas from the pipeline.

Three other former Soviet republics – Belarus, Latvia and Moldova – also face action by Gasprom. Belarus owes Rbs400bn which it says it cannot pay, and is already suffering cuts.

Latvia owes $23m, and talks begin in Riga today in an attempt to settle the issue.

Moldova, which owes Rbs53bn, has just agreed to barter the debt against consumer goods and foodstuffs.

Socialists revive plan for sale of stake in Greek telecoms

By Kerin Hope in Athens

Greece's socialist government, finally dropping its opposition to privatisation, plans to sell a minority stake in OTE, the state telecommunications company, through a flotation on the Athens stock exchange.

The government hopes to raise Dr250bn ($1bn) from the sale of 25 per cent of the company, placing at least half the offering with institutional investors abroad.

In a reversal of the socialists' policy on privatisation, the economy ministry intends to use at least Dr100bn of funds raised by the flotation to help cover an expected shortfall in revenue collection this year.

The ministry has renewed contacts with merchant banks that worked with the conservative government on a plan to dispose of 49 per cent of OTE through a sale to an international telecoms operator, to be followed by a flotation.

The plan, opposed by trade unions and prominent conservative officials, was abandoned when the socialists won power last October. No decision has yet been taken on reappointing domestic and international underwriters for the proposed issue.

The previous planned flotation was being handled by a group of international merchant banks, including Credit Suisse First Boston, J. Henry Schroder Wagg and N.M. Rothschild, Morgan Stanley and Paribas Capital Markets.

Delays are likely as Mr Giorgos Gennimatas, the economy minister responsible for decision-making on privatisation, has cancer.

Mr Andreas Papandreou, prime minister, has said that income raised from listing state corporations on the bourse would be set aside to modernise them, not transferred to the central budget.

With revenues in January and February lagging behind the 1994 budget projection the economy ministry is anxious to find fresh sources of revenue without having to impose new taxes.

The European Commission, in a report on the Greek economy, described this year's budget as unrealistic, calling for immediate measures to avert a revenue shortfall projected at about Dr300bn.

Economy ministry officials said that despite opposition to the listing from OTE's trade union, they were confident the flotation could be launched in October.

Nation's health, Page 2

Clinton moves on Japan in trade dispute

Continued from Page 1

coalition over ministerial positions has eroded Mr Hosokawa's authority. Although disagreements were set aside this week when he agreed to postpone a cabinet reshuffle, the aftermath of the row bodes ill for any solution to the Japan-US dispute, because it marks a reduction in the influence of Mr Ichiro Ozawa, the government's backroom strategist, who had sought the shake-up.

Mr Ozawa was playing an increasingly important behind-the-scenes diplomatic role in seeking a compromise with Washington.

Only last week he proposed Japan should adopt "non-binding indicators" for reducing its current-account surplus, as a concession to US demands for numerically measured reductions.

THE LEX COLUMN

Betting on a new future

Almost 10 years after it struck the Soviet Union glasnost has finally arrived at Ladbroke. The new openness may not persuade everyone: a wealth of information can be used to distract as well as inform. The "new" management has also been around for a while – the chairman and chief executive have spent a combined total of 27 years on the board so far. Shadows of the optimistic accounting practices which used to worry investors can still be dimly seen. Last year Texas Homecare was claiming rebates which had not yet been paid by suppliers. It had also sold and leased back properties in 1992 which will increase occupancy costs this year. Ladbroke's switching of £200m of foreign currency loans back into sterling after black Wednesday may have prevented further strain on the balance sheet but crystallised losses.

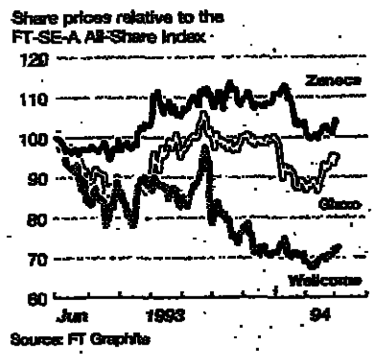
Still, it would be churlish to cavil at *a genuine attempt to make a fresh* start. The sea change in management's attitude to investors' concerns deserves credit. The board has been strengthened and the dividend rebased at a more down to earth level. Realistic management has been installed at Texas and improvements should be possible even if pressure from B&Q does not abate. Property disposals are now possible into the rising market.

*Now that difficulties are being tack*led goodwill may well support the shares even if the market yield and premium rating do not. But there remains much work to be done restructuring Texas and developing the Hilton brand name with the group's limited capital resources. Perestroika has still to follow glasnost.

FT-SE Index: 3246.5 (-1.6)

UK pharmaceuticals

Share prices relative to the FT-SE-A All-Share Index



Source: FT Graphite

Zeneca

Zeneca is progressing through its first year of independence with remarkably little fuss. Its shares have performed more or less in line with the equity market since demerger from ICI and have modestly outpaced its peers. On the evidence of yesterday's full year figures, Zeneca's handful of newer drugs is growing fast enough to offset the decline in Tenormin, the heart treatment which lost patent protection two years ago. While sales in pharmaceuticals slowed markedly in the second half as US wholesalers held back, volume growth for the full year is solid enough.

Still, the 21 per cent increase in trading profit was achieved only with the help of favourable exchange rate movements. Without that the rate of progress looks far more sedate. Since currencies could easily work against *Zeneca from here on*, the challenge must be to raise margins in agrochemicals and specialty chemicals until the pharmaceuticals research pipeline delivers on its promise. With over £2bn turnover outside the drugs industry, there is plenty to work on.

But while the full benefits of cost-cutting have still to be felt, much turns on the speed of economic recovery in Europe and the US and on how long it will be before reform of the Common Agricultural Policy stops depressing demand for agrochemicals. Since Zeneca has neither the vast cash resources of Glaxo nor the generous dividend cover of Wellcome, it has less scope for keeping shareholders sweet with the payout should earnings disappoint.

ABP

Judging by Associated British Ports' 38 per cent operating margins, running ports is nice work if you can get it. ABP is in the particularly happy position of owning several well-positioned ports accounting for 25 per cent of the UK's seaborne trade. The company has done a good job in establishing and exploiting such an asset base. The worry is when such businesses indulge in fruitless diversification. Sadly, ABP has done that, too.

The company's move into commercial property close to the top of the cycle ravaged its balance sheet during the downturn. The renewed upswing in property should save further blushes – although it grates that ABP claims to have realised a £6m "profit" on an Torquay shopping centre having written it down so heavily against the revaluation reserve. Its decision to fix so much of its debt long term at around 11 per cent has become a further embarrassment given the subsequent trend in interest rates. That is especially so when the company generates *cash in such* profusion.

The market appears to have forgiven all past misdemeanours in pushing the shares so far. That may prove justified given the scale of current development activity around its ports and the marked upswing in trade. The longer term growth prospects, though, do not appear so promising considering ABP's high market share. That may not matter if the management starts channelling more cash back to shareholders. But a yield of 2 per cent suggests it has a long way to go.

UK electricity

The sight of even the most sleepy regional electricity companies lining up to take pot-shots at the deregulating gas market has finally provoked a response. Currently British Gas faces loss of market share by a thousand cuts while the Recs can sit secure in their monopoly franchise markets until 1998. On top of that, the franchise market in electricity covers users ten times larger than that for gas. It is hard to argue that the Recs should be able to use their databases to pick off British Gas's customers while remaining in a cosy monopoly market – particularly when that is supplied by long term coal contracts and gas stations in which the Recs have an equity interest.

So the chances are that even if the Recs object, the electricity market will be liberalised early. Losing some of the marketing supply business should not have much direct impact on profits. Most of the Recs' money is made in the natural monopoly business of distributing the electricity through their wires.

It may however, have knock-on effects. The distribution review currently under way will see excess profits made in that part of the business cut back. That, combined with a squeeze on marketing, will force the Recs to make cost savings which they have so far avoided. If it also depresses market sentiment and share prices, predators may emerge. The Recs have the kind of cast iron balance sheets, cash generation and stable UK earnings which any company with an advance corporation tax problem must dream of.

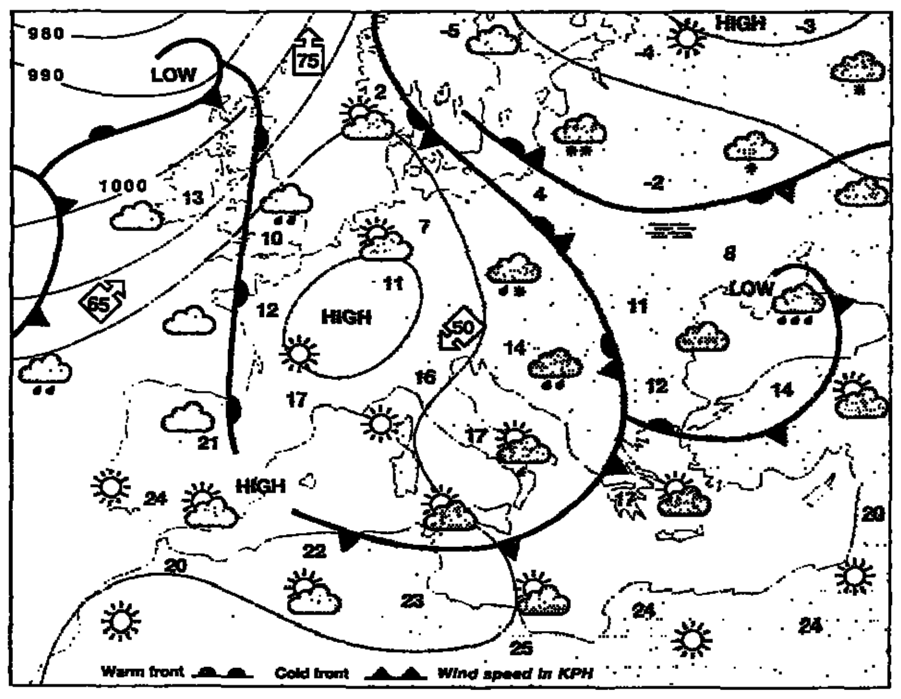
FT WEATHER GUIDE

Europe today

A complex low pressure system near Iceland will draw warmer and moister air from the Atlantic towards the British Isles and south-western Scandinvia. As a result, Scotland and Ireland will be mainly cloudy with heavy rain and south-west Norway will have snow. South-westerly winds will increase to near gale or gale force along Scottish and Norwegian coasts. Northern and eastern Scandinavia will stay dry and rather cold. High pressure over western Europe will keep the Benelux, Germany and France dry with sunny periods. The Mediterranean will also be settled with spring-like temperatures. Frontal systems will produce more cloud and showers over eastern Europe, especially in the former Yugoslavia.

Five-day forecast

A strong south-westerly air current veering west will give unsettled conditions over northern Britain and Scandinavia. Western and central Europe will have scattered showers and more seasonal temperatures. South-western Europe will stay rather sunny and dry but south-eastern Europe will be influenced by low pressure which will produce showers in Greece and western Turkey.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius																
			Belfast	rain	12	Cardiff	windy	10	Frankfurt	cloudy	10	Malta	fair	19	Rio	shower	26
			Belgrade	shower	11	Chicago	cloudy	10	Geneva	fair	11	Manchester	rain	11	Riyadh	sun	25
Abu Dhabi	fair	26	Berlin	cloudy	7	Cologne	fair	10	Gibraltar	sun	20	Manila	fair	31	Rome	sun	18
Accra	fair	31	Bermuda	fair	19	D' Salaam	fair	31	Glasgow	rain	10	Melbourne	fair	19	S. Frsco	fair	19
Algiers	sun	21	Bogota	fair	20	Dakar	sun	25	Hamburg	fair	7	Mexico City	fair	23	Seoul	cloudy	6
Amsterdam	fair	9	Bombay	sun	34	Dallas	sun	24	Helsinki	cloudy	-8	Miami	fair	23	Singapore	shower	31
Athens	fair	17	Brussels	fair	9	Delhi	sun	28	Hong Kong	fair	16	Milan	sun	16	Stockholm	cloudy	-2
B Aires	fair	26	Budapest	shower	5	Dubai	sun	25	Honolulu	fair	27	Montreal	snow	-2	Strasbourg	fair	11
B.ham	cloudy	10	C.hagen	fair	5	Dublin	cloudy	13	Istanbul	fair	12	Moscow	fair	-2	Sydney	fair	24
Bangkok	fair	36	Cairo	sun	24	Dubrovnik	shower	12	Jersey	cloudy	10	Munich	cloudy	8	Tangier	sun	21
Barcelona	fair	18	Cape Town	fair	23	Edinburgh	rain	11	Karachi	sun	32	Nairobi	fair	28	Tel Aviv	fair	22
Beijing	sun	9	Caracas	sun	25	Faro	sun	21	Kuwait	sun	27	Naples	fair	17	Tokyo	fair	11
									L. Angeles	fair	23	Nassau	fair	27	Toronto	cloudy	2
									Las Palmas	sun	23	New York	fair	5	Tunis	sun	21
									Lima	fair	26	Nice	sun	19	Vancouver	rain	10
									Lisbon	sun	21	Nicosia	fair	20	Venice	fair	15
									London	cloudy	10	Oslo	cloudy	-1	Vienna	cloudy	8
									Lux.bourg	fair	9	Paris	sun	12	Warsaw	sleet	3
									Lyon	fair	12	Perth	sun	34	Washington	fair	8
									Madeira	sun	20	Prague	cloudy	7	Wellington	shower	20
									Madrid	fair	20	Rangoon	sun	34	Winnipeg	fair	4
									Majorca	fair	20	Reykjavik	snow	1	Zurich	fair	11

FINANCIAL TIMES
COMPANIES & MARKETS
Friday March 4 1994

IN BRIEF

DSM to slash pay-out after loss

DSM, the Dutch chemicals group, moved into loss last year after a narrowing of profit margins in virtually all its product ranges. The company is to cut its dividend from Fl 4.00 to Fl 1.50. Results for 1993 fell into a net loss of Fl 118m ($62m) from a net profit of Fl 224m in 1992, on turnover down nearly 10 per cent at Fl 8bn. Page 20

BBL comes back with 130% profits rise: Banque Bruxelles Lambert (BBL), one of Belgium's three largest banks, yesterday announced a 130 per cent rise in net profits over the last year to BFr6.7bn ($190m). Page 21

CIBC results reflect slow recovery: Canadian Imperial Bank of Commerce lifted first-quarter net profit by 27 per cent to C$214m ($159.7m). But the results reflect the relatively slow recovery in Canadian business activity, compared with the US. Page 22

Heineken takes Polish brewery stake: Heineken, the Dutch brewing group has agreed to pay Fl 77m ($40m) for 24.9 per cent of Zywiec, one of Poland's best known breweries, said it was not planning any rise in its holding. Page 20

Amic raises divided after sharp gain: Anglo American Industrial Corporation (Amic) is increasing its dividend for the first time since 1989 following a 37 per cent jump in pre-tax profit to R647m ($187m). Page 21

Profits ease at Renishaw: Despite a 30 per cent fall in sales to Germany and Japan, Renishaw, the UK specialist measuring equipment group, reported only a slight decline in pre-tax profits from £3.07m ($4.48m) to £2.81m for the six months to end-December. Page 26

Cable & Wireless move opposed by union: The bid by Cable & Wireless, the UK telecommunications group, to form an alliance with Telecom Eireann, the Irish state telecoms operator, faces stiff opposition from Ireland's communications workers' union. Page 27

Microfocus share fall continues: Microfocus, the UK-based software house which has seen its share price plummet from £30 to under £10 in 12 months, yesterday reported a 4.4 per cent fall in sterling profits before tax last year to £21.8m ($31.82m) despite higher sales. The shares declined further to 963p on the news. Page 25

Dell calms Wall Street fears: Dell Computer, the US personal computer manufacturer, yesterday unveiled a 43 per cent drop in fourth quarter net profits to $17.7m, but its overall recovery from first-half losses surpassed Wall Street expectations and calmed Wall Street fears. Page 22

Companies in this issue

Market Statistics

Chief price changes yesterday

FRANKFURT (DM)

Rises			
BMW (Br)	840	+	15
Colonia Konzern	1250	+	40
Didier-Werke	170	+	13
KHD	136.5	+	5.5
Zanders Feinpp	237	+	7
Falls			
Goldschmidt	835	–	17

NEW YORK ($)

Rises			
CML	21¼	+	1⅞
Compaq	97¾	+	3¼
Dell Computer	26⅞	+	2
Exide	34⅝	+	3⅛
Gap	46¼	+	1¼
Falls			
First Union Rly	7⅞	–	1¼

New York prices at 12.30pm.

PARIS (FFr)

Rises			
Elf Sanofi	1058	+	56
Legris	265.9	+	9.2
Moulinex	149	+	13.1
Omnium	220	+	18.9
Paris Reescomp	532	+	29
Falls			
Taittinger	2550	–	100

TOKYO (Yen)

Rises			
Kinki Nip Rail	870	+	31
Falls			
Chiyoda Fire	624	–	38
Daicel Chem	511	–	24
Ikegami Tsush	831	–	34
Ishihara Sangyo	353	–	14
Nishida Refrig	890	–	45

LONDON (Pence)

Rises			
Batrc	109	+	5
Epwin	317	+	17
Euro Disney	385	+	10
GKN	547	+	11
Monarch Res	245	+	12
Reed Time Cntrl	115	+	12
Record Hldgs	93	+	12
Reuters	2034	+	45
Rhino	43	+	5
Rothmans Uts	428	+	14
Wolv & Dudley	517	+	23
Falls			
Bensons Crisps	66	–	4
Galliford	56	–	3
Ladbroke	166	–	10
Life Sciences	140	–	15
Micro Focus	970	–	30
Renishaw	275	–	20
Schroders	1108	–	20
Severn Trent	554	–	15
Warburg (SG)	827	–	27

Swedish banks hit out at aid for rival

By Hugh Carnegy in Stockholm

Sweden's private sector banks yesterday issued a strong protest to the government over the extent of state aid for Nordbanken, a victim of the recent Nordic banking crisis. Nordbanken has shot back to profitability since the state took over most of its bad loans.

The Swedish Bankers' Association has complained that the terms of the bail-out for state-owned Nordbanken had given it an unreasonable advantage over its rivals, which had not had their own extensive loan loss or balance sheet problems laundered by the state.

"The state support for Nordbanken has been comprised in a way that gives Nordbanken a clear competitive advantage over the other players in the payment and credit system," the associations said in a letter to the Bank Support Authority, the Riksbank (central bank) and the financial inspection authorities.

Led by Skandinaviska Enskilda Banken and Svenska Handelsbanken, the association said the state should ultimately claw back the SKr90bn ($11.2bn) it had pledged to ailing banks.

By far the biggest beneficiary of the state rescue operation has been Nordbanken. Bad loans worth SKr67bn were taken off its books and put into a state-run company called Securum, which itself was capitalised through a SKr35bn state injection. Nordbanken then received more than SKr16bn in capital from the government to keep it solvent.

It has meanwhile become Sweden's biggest bank by market share by taking over Gota Bank, another state-owned crisis victim, which has swallowed some SKr30bn in aid and been relieved of SKr43bn bad loans.

The operation has left Nordbanken as the most profitable Swedish bank. Later this month it is expected to report a profit after loan losses in 1993 of around SKr3bn – compared with a profit of SKr1.8bn at Handelsbanken, which was the most adept at avoiding the crisis.

The association suggested that one move to redress the balance would be to stop interest payments to Nordbanken due on SKr30bn assets held by Securum. The Bank Support Authority rejected this suggestion, but said it was looking closely at the issue of aid to Nordbanken. The authority might claw back some of the support through the sale of Gota Bank to Nordbanken.

Tracy Corrigan, John Gapper and Sara Webb explain the risks taken by banks and securities houses in proprietary trading

Winning streak comes to an abrupt end

While hedge funds have been the scapegoats for recent heavy falls in the world's bond markets, they are not the only market participants to have laid and lost big directional bets.

Many banks and securities houses had backed their views on the bond markets with their own capital. This practice, known as proprietary trading, has become much more common in the past few years.

Last year, successful proprietary trading helped boost the profits of many banks and securities houses, particularly on Wall Street, to record levels. Unless recent losses on European bond markets are recouped, the story could be rather different this year.

"Last year the market was a one way bet. Banks decided that since they were so good at it, they should put up some more capital this year," said one trader.

The vogue for proprietary trading took off because banks saw the effect on profits of successful dealing at Salomon Brothers and Goldman Sachs.

"Banks have become a lot more aggressive in their proprietary trading activities," said one dealer. Last year, many proprietary traders were right about the bond market rally and right about the effective breakdown of the European Exchange Rate Mechanism.

With bank boards focusing on efficient use of capital, proprietary trading became increasingly attractive – especially as it required only a handful of dealers and few support staff.

Nomura International in London, for instance, has started to use its $1.5bn capital for proprietary trading in the same way as the US banks do. "Using our strong capital is something that we forgot about for a long time," said Mr Koichi Kane, chairman of Nomura International. "Now we are putting a lot of emphasis on enhancing our returns on capital. Fixed income trading has been one area that we have been adding to our capability."

One propietary trader said that while his bank aims for a return on capital of about 20 per cent for its ordinary trading activities, it can achieve a 50-100 per cent return on capital used for proprietary trading.

For successful players, the business has proved rewarding. Last year Salomon made $416m in proprietary trading, compared with $1.15bn in client business. That was in a relatively poor year, owing to a big hit in the US operation. The previous year, which an official described as more representative, the proprietary trading profit was $1.4bn.

One large player, Tokai Bank's London-based operation, has capital of around £250m mostly used for proprietary trading. "Our return on capital last year was over 100 per cent and that's because we have a diversified portfolio of trades such as yield curve trades, basis trades and so on," according to Mr John Clark, at Tokai Capital Markets.

However, proprietary trading does have its drawbacks. Stock market analysts do not like the volatility of earnings related to such activities. Salomon decided to publish its propietary trading results separately because it felt its share price was suffering as a result of uncertainty about that business.

Indeed firms such as Salomon and Goldman Sachs are keen to emphasise that client business is still their core activity. "Proprietory trading can play a role in profitability, but it is icing on the cake," says Mr Fredric Garonzik, managing director for fixed income at Goldman Sachs in London.

However, it is acknowledged in the markets that a proprietary trading team can benefit considerably from access to information about what big clients are doing. The extent to which the proprietary trading and ordinary trading businesses are kept apart varies from bank to bank. One proprietary trader at a UK bank said: "We do not hear about the customer business."

But other houses point out that in a rumour-driven business, it is quite likely that the proprietary trading desk would know and be able to act upon client flows. "What the bank wants is a combination of the economic view, the smart trader and the comfort of a flow of information from customers," said one trader. In any case, some clients like to hear proprietary traders' views on the markets.

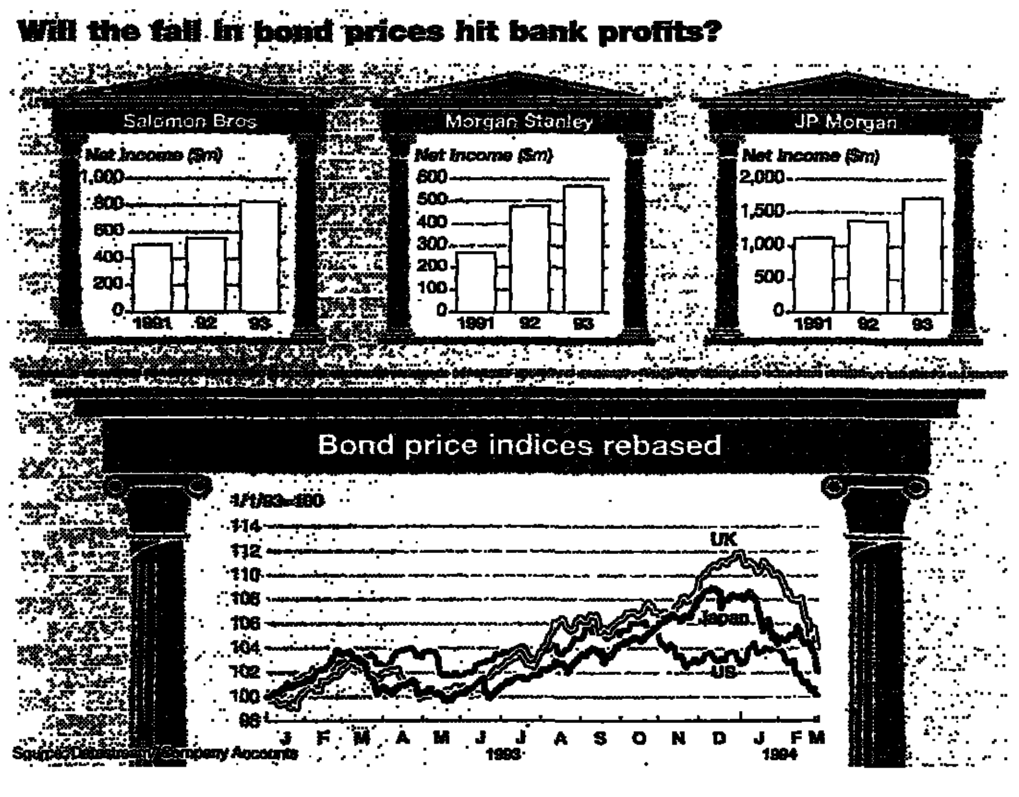
Despite widespread rumours on losses incurred, it is difficult to gauge the overall amount of banks' exposure through proprietary trading. First, no one knows exactly how much money is involved. The very largest players are believed to have as much as $2bn deployed worldwide, but most banks are extremely secretive.

In any case, proprietary trading covers two different approaches. One type of trading, known as arbitrage trading, involves taking advantage of anomalies between different markets, and is generally viewed as less risky. But most proprietary traders also use capital to take straightforward punts on the direction of the market.

What is clear from the surge in activity in recent weeks is that the consensus in the market was that European bond markets would rally further, based on economic fundamentals. The market was positioned accordingly – but the market was wrong. Some banks also had US yield curve plays, expecting the yield curve to flatten in the wake of last month's interest rate hike: it steepened instead. Many traders also were still involved in convergence plays – based on the expectation that high-yielding European markets would outperform the core markets such as Germany: wrong again.

Of course, these losses have to be seen in context. Two months into the year, it is too early to predict half-year trading losses. "I think the losses that have been sustained in February in 'bond land' have been nasty, but you have to look at the overall picture. They are not so bad against the gains made in 1993 or over the last five years," said one trader. "Also while it was bad for bond junkies, the point of having an integrated house is that you can take advantage in other markets."

Will the fall in bond prices hit bank profits?



French and German groups in TV deal

By Quentin Peel in Hanover and Alice Rawsthorn in Paris

Bertelsmann, the German multi-media group, and Canal Plus, France's leading Pay-TV broadcaster, have formed a joint venture to exploit the expected proliferation of television services.

The move is intended to enable Bertelsmann, the largest multimedia group after Time-Warner, and Canal Plus, the biggest and most profitable Pay-TV broadcaster, to compete more effectively with established Anglo-Saxon multi-media ventures.

The deal will mean more cross-border exercises for the companies. They are already partners in the first German Pay-TV channel, Premiere.

A joint statement said: "It will ensure the development opportunities for both our enterprises in an important future area for the electronic media, including forms of Pay-TV, pay-per-view, video-on-demand, and other special services."

Bertelsmann said private television channels – such as the company's RTL channel in Germany – were reaching the limits of financing available from broadcast advertising. New channels would require new forms of financing.

Digital television would mean a variety of different channels and services, which would have to be financed by viewers as they watched or used them.

The deal comes at a turbulent time for the French group which last month became embroiled in a political row over the sudden resignation of Mr André Rousselet, its founder and chairman. Mr Rousselet was protesting at the formation of a concert party of shareholders led by Havas, the French media group.

Mr Rousselet was committed to a long term strategy of turning Canal-Plus into a force in European multi-media by forging links with international partners. The Bertelsmann deal, which has been under discussion for some time, was central to his plans.

One of Mr Rousselet's chief objections to the concert party was that it raised the risk of Canal-Plus being relegated to the role of a pawn in the multimedia ambitions of other French companies – notably Havas and its multi-media partner, France Telecom – thereby constraining its scope for expansion on the international front.

Ladbroke group announces first ever cut in dividend

By Michael Skapinker, Leisure Industries Correspondent

The new management of the Ladbroke hotels, betting and do-it-yourself group yesterday cut the dividend for the first time since it became a public company in 1967.

Mr John Jackson, who took over from Mr Cyril Stein as chairman at the start of the year, said it was no longer in the group's interest to continue paying dividends uncovered by earnings.

The cut was part of full-year figures, which showed a pre-tax profit of £62.1m ($90.66m), compared with £5.2m in 1992, after much lower exceptional charges. Before exceptionals, the profit figure fell to £117.5m from 148.6m.

The final dividend was cut from 6.23p to 1.08p, bringing the total payout to 6p – 46 per cent down on 1992. It was covered by earnings per share before exceptional items of 7.13p. However, earnings after exceptionals were 2.32p, compared with a loss of 3.11p in 1992. Turnover for the year rose to £4.3bn, from £4.2bn.

The £55.4m exceptional charges resulted from write-downs and management reorganisations at Texas Homecare, and property revaluations.

The group reported that trading at its Hilton International hotels subsidiary remained difficult and that substantial pruning of product lines was necessary at Texas. Mr Jackson said the group continued to talk to potential buyers of its property division, which had profits before exceptional items of £41.4m, compared with £40.3m in 1992.

Net debt fell to £1.27bn at year end from £1.34bn in 1992. A £394.1m reduction in the value of hotel and investment properties resulted in a rise in gearing to 58 per cent from 53 per cent.

Ladbroke said, however, that in the first half of 1994, it would receive £83m from property sales to Burford Holdings. A further $125m would be received in January 1995 from the surrender of Hilton's management contract in Hong Kong. Taking these into account, pro-forma gearing was 49 per cent. The group still had undrawn committed borrowing facilities of more than £500m.

Mr George said he was examining possible changes in the running of the group's divisions and their relationship with Ladbroke head office. All three trading divisions are now being run by new main board members.

Drugs help Zeneca grow 42%

By Daniel Green

A solid performance from drugs, seeds and speciality chemicals helped bioscience group Zeneca post a 42 per cent rise in pre-tax profits for 1993, at £627m ($915.42m) before exceptional items.

The company's first figures since the demerger last summer from ICI was boosted by currency gains as well as volume growth. Pre-tax profit after exceptionals was £642m, in the middle of the range of analysts' expectations, compared with a post-exceptionals figure last year of £102m.

Sir Denys Henderson, chairman, described the year as "successful. . . despite less than ideal trading conditions".

Trading profit rose to £713m, a 21 per cent increase before exceptional items on the 1992 level. Some 14 percentage points of this increase came from volume growth, 1 percentage point from increased prices and the balance from currency fluctuations.

Strong cash flow of £833m, a £151m rise over 1992, helped cut net debt from £391m in 1992 to £188m in 1993. Gearing fell from 25.7 per cent to 11.7 per cent.

The earnings per share after exceptional items was 51.7p (10.8) and the dividend was confirmed at 27.5p.

The company issued a trading statement on January 21 so there were few surprises yesterday and Zeneca shares fell 3p to 763p.

Underlying sales growth in the biggest division, pharmaceuticals, was 5 per cent to £1871m. The top-selling drug, heart treatment Tenormin, saw sales in constant currency terms fall 22 per cent in the face of generic competition to £464m (£534m).

Mr John Mayo, finance director, said that the rate of Tenormin's decline was slower than with comparable drugs that had lost patent protection.

However, growth from other products more than made up for the decline in Tenormin revenues. Sales of the company's second-biggest product, Zestril, another heart treatment, rose to £416m from £294m.

The Agrochemicals division achieved a rise in sales of 14 per cent to £1467m from £1288m. But in constant currency terms the rise was only 2 per cent, and trading profit rose just 1 per cent to £86m. In the Specialities division, sales rose by 10 per cent to £1,027m (£936m).

Slide into red forces cut in dividend at DSM

By Ronald van de Krol in Amsterdam

DSM, the Dutch chemicals group, tumbled into loss last year after suffering a narrowing of profit margins in virtually all its product ranges. The company is to cut its dividend from Fl 4.00 to Fl 1.50.

Results for 1993 fell into a net loss of Fl 118m ($62m) from a net profit of Fl 224m in 1992, on turnover down nearly 10 per cent at Fl 8bn. Average selling prices for DSM's products were 7 per cent lower in 1993 than in 1992.

The company blamed the downturn on economic difficulties in Europe, industry-wide overcapacity, and cheap imports from regions such as eastern Europe. The strength of the guilder since the turmoil on European currency markets in September 1992 also worked against DSM.

Mr Simon de Bree, chairman, described the results as "downright poor". However, he said: "It seems that we are past the lowest point now." The company expected to post an operating and a net profit for the first quarter, he said, although he refrained from making any prediction for 1994 as a whole.

DSM's shares rose 3.8 per cent, to Fl 111.70, helped by the company's decision not to omit the dividend altogether, as some analysts had expected.

The company said it had decided to pay a dividend because of its success in reducing net debt, and its continued strong financial ratios. These achievements were possible partly because of income generated by divestments.

UK ports group improves

By Andrew Bolger in London

Associated British Ports, the UK's largest ports group, said it was attracting an increasing amount of transhipment business, with cargo being landed at Southampton and then shipped on to Europe.

Rotterdam has traditionally dominated the European transhipment business, but ABP said UK ports had become much more competitive since the abolition of the National Dock Labour Scheme in 1989.

Sir Keith Stuart, chairman, said industrial relations in the UK docks had gone from being the worst in Europe to the best. British ports could now take cargo at any time of the day and night, seven days a week – unlike many continental competitors.

Of the 350,000 containers landed at Southampton last year, 50,000 were transhipped to Europe – up from negligible levels only two years ago.

Other UK ports such as Felixstowe have seen a smaller growth in transhipment business. Southampton, however, was particularly well-placed on the so-called "Atlantic Rim", which includes ports in Ireland, France, Portugal and Spain.

ABP yesterday reported pre-tax profits of £62.1m ($92.2m) in the year to December 31. The previous year it made a pre-tax loss of £36.6m, mainly because of a write-down of £83.6m on the property portfolio.

The group plans a 1-for-1 scrip issue, its third since flotation in 1983. ABP shares closed 1p lower at 570p.

One indication of ABP's continuing pressure on labour costs was a redundancy charge of £8.1m, compared with £4m the previous year.

The 200 jobs shed last year reduced the number of the group's dockers to 1,700 – compared with 3,000 before the abolition of the dock labour scheme. Sir Keith estimated redundancy costs would be about £2m in the current year.

See Lex, Page 18

Cemex to take control of Venezuela producer

By Damian Fraser in Mexico City

Cementos Mexicanos (Cemex), the big Mexican cement company, has agreed to purchase a controlling stake in Corporacion Venezolana de Cementos (Vencemos), Venezuela's largest cement producer for about $300m.

Cemex said a price, and the number of shares it would buy, had not been fixed. However, it is widely expected that Cemex will pay about $300m for its stake.

Vencemos has a stock market value of $510m. Cemex is expected to pay a premium for control.

Vencemos has 50 per cent of the Venezuelan cement market, and 30 per cent of the concrete market. Last year, it sold 2.8m tonnes of cement and exported another 1m tonnes.

Mr Eugenio Mendoza, the head of Grupo Mendoza, said the alliance with Cemex would help increase domestic sales and sales to the Caribbean.

The purchase marks a further step in global expansion for the Mexican cement company, which is the fourth-largest in the world. Cemex, already the dominant producer in Mexico, has operations in the US and, through its $1.85bn purchase of Valenciana and Sanson in 1992, is the largest producer in Spain.

Mr Lorenzo Zambrano, chief executive of Cemex, said the purchase was consistent with the company's strategy of "acquiring important stakes in companies that operate and have a leadership position in developing countries with strong perspectives of growth in the demand of cement and concrete".

Mr Zambrano said Cemex would focus on expansion in Latin America in the short and medium-term, and Asia in the medium and long-term.

The purchase will increase Cemex's overall cement capacity to about 40m tonnes. It said its control of Vencemos would enable the company to reduce costs and improve profit margins.

Germans hear the Philips riot act

Grundig and PKI are dragging their feet, writes **Ronald van de Krol**

The cost-cutting programme at Philips, the Dutch electronics company, has finally swung away from its home town of Eindhoven to focus on a new target, the southern German town of Nuremberg.

After making severe cuts in jobs, mostly at Eindhoven, during nearly four years of drastic restructuring, Philips has clearly lost patience with the slow pace of change in Nuremberg, where its two main German companies are located.

Mr Jan Timmer, Philips' president, seized the opportunity at yesterday's annual press conference to deliver a broadside against the sluggishness of reforms at Grundig, the German consumer electronics group, and Philips Kommunikations Industrie (PKI), a supplier to the telecommunications industry.

He issued what he described as an "urgent appeal" for "the greatest possible realism". German unions have been resisting Philips' efforts to prune its German operations. At Grundig alone, management wants to cut 4,000 out of 15,000 jobs.

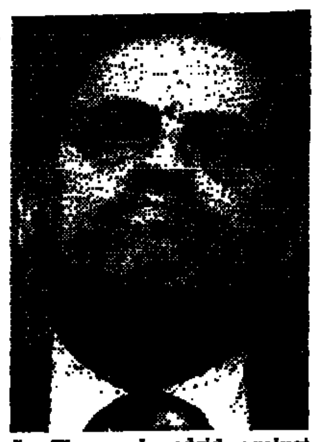
Mr Timmer said: "We believe that the survival of a whole company is more important than short-term job losses." He insisted that Philips intended to maintain Grundig's name and identity, but said this could not be done without a drastic reduction in costs.

His frustration stems from the fact that the continued heavy losses in Germany were the only significant flaw in yesterday's much-improved 1993 results. The company's good news – including the return to a net profit of *Fl 856m ($441m)* on normal business operations from a net loss of Fl 900m the previous year – was capped by the announcement of a 1993 dividend of Fl 0.50, the first since the Fl 2.00 paid out of 1989 profits.

The problem in Germany is most glaring at Grundig, which is expected to report net losses of DM350m ($205.9m) for its year ending March, 16 per cent worse than the previous year. The downturn comes when the Philips group, excluding Grundig, managed to reduce operating losses in consumer electronics to just Fl 73m from Fl 553m a year earlier.

This is all the more irritating to Philips because it is bound by a long-standing agreement to pay DM50m a year in dividends to the Grundig family foundation, regardless of the German company's performance. Although Philips owns only 31.6 per cent of Grundig, it fully consolidates the company in its accounts, and has complete management control.

PKI, by contrast, is blamed by Philips for the sharp decline in results in the group's professional products business, where operating profit slumped to Fl 177m from Fl 663m in 1992, reflecting reduced investment by the German telecommunications authorities.



Jan Timmer: broadside against performance in Germany

Mr Timmer contrasted the slow pace of change in Germany with the sacrifices made by the more than 60,000 people who have lost their jobs within the Philips group since 1990. "Equally, it is not acceptable to Philips shareholders, who also end up paying for Grundig's losses, that the process of change at this company continues to take a long time," he said.

Germany's position behind the rest of the Philips world is partly blamed on the short-lived euphoria that accompanied German unification, which coincided with company's concerted shake-up of its internal culture in 1990. Events of that time tempted local workers to think they would be immune from changes sweeping the company worldwide.

Despite the German problems, Philips had reached an important milestone in its "Centurion" programme of restructuring, Mr Timmer said. The process, however, would continue. "It will not end . . . the company must be in a permanent state of change," he said.

In the three years since the end of 1990, Philips has raised profits, excluding restructuring charges, to 5 per cent of sales, from 4.2 per cent previously. Its return on net operating capital has improved to 13.2 per cent from 8.5 per cent at the start of the operation. And, at the same time, group debt has fallen to Fl 8.6bn from Fl 14.8bn.

Besides continuing to cut costs, Philips still needs to come up with ideas to generate new businesses and income, Mr Timmer said.

Unfortunately, its restructuring of the early 1990s has coincided with deep malaise on most of its important markets and in many of its business sectors, including its biggest single business, consumer electronics.

Although the company has made progress on slimming down and becoming more competitive, it continues to wait for an economic revival, particularly in Europe, that will allow it to reap the full benefits of its efforts.

Turkey wraps up first part of Tofas stake sale

The Turkish government yesterday concluded the first part of the disposal of its 21 per cent stake in Tofas, the motor group in which Fiat of Italy is a major shareholder, writes **John Murray-Brown from Ankara**. Banks placed 20m shares with international investors at TL 72,000 a share.

An offer of a further 1m shares opens at the same price on the Istanbul market today.

The price represents a 12.2 per cent discount to yesterday's closing price in Istanbul. The total deal will raise around $350m for the government.

Heineken buys holding in popular Polish brewer

By Christopher Bobinski in Warsaw

Heineken, the Dutch brewing group, has agreed to pay Fl 77m for 24.9 per cent of Zywiec, one of Poland's best-known breweries with an 8 per cent share of the local market.

Heineken said it was not planning to increase further its holding in Zywiec, which last year reported net profits of 155.7bn zlotys ($7m).

Yesterday, the stock exchange suspended trading in Zywiec shares to give investors time to digest the news about the capital injection. The company is presently capitalised at 5,800bn zlotys.

The Dutch brewer's planned partnership with Zywiec comes soon after Brau Und Brunnen, the big German brewer, announced it controlled 25 per cent of Okocim, another listed Polish brewery.

Heineken is taking its stake through an issue of new shares. Zywiec, advised by Schroders, is to propose the share issue to a March 28 meeting of shareholders, which include Invesco's CEAM investment fund.

Deficit deepens at Van Roll

By Ian Rodger in Zurich

Von Roll, the Swiss steel and engineering group, revealed that losses ballooned last year to SFr441m ($306.25m), following losses of SFr55m in 1992 and SFr30m in 1991. Sales eased 6 per cent to SFr1.9bn.

In a show of rare candour for an industrialist, Mr Heinz Frech, the retiring managing director, admitted that "we have made some very grave errors".

The trading loss of SFr106m, compared with a budgeted SFr10m profit, was a "fiasco", Mr Frech said, while restructuring charges of SFr333m were causing a liquidity haemorrhage.

The group is closing a steelworks and a forge in Switzerland, at a cost of SFr98m. It has disposed of a venture into producing monorail trains, described by Mr Frech as a debacle, at a cost of SFr50m.

"We clearly underestimated the international complexity of the monorail business, and poorly evaluated the market potential and likely order flow," he said.

Rationalisation at the Isola wire and cable subsidiary, acquired in 1989 to offset the steel and building cycles, absorbed a further SFr96m.

And there were more charges on a toxic waste disposal plant in the US. The plant, which started up two years late because of blocking manoeuvres by environmentalists had, Mr Frech said, been hit by a run of bad luck. Some of the plant's sensitive equipment froze during a cold snap.

Shareholders' funds, following a SFr300m boost from a revaluation of fixed assets and liquidation of hidden reserves, were SFr351m at the end of 1993, 14.5 per cent of total assets. Mr Max Amstutz, incoming managing director, said the group aimed to break even this year.

Write-off hits Norwegian ferry operator

Color Line, the Norwegian ferry group, reports a decline in 1993 pre-tax profits, to NKr64m ($8.6m) from NKr81m in 1992, writes **Karen Fossli in Oslo**. The setback stemmed from a weak performance in the first four months, plus a write-off of NKr58m on a ferry which is to be sold.

Revenue rose to NKr1.81bn from NKr1.68bn. Operating income improved to NKr439m from NKr426m. Color Line had a difficult start in 1993, with gross operating profit for the first four months dipping by NKr36m, the company said.

LONDON STOCK EXCHANGE DEALINGS

THE INFORMATION shown on this page, which appears every Saturday, is supplied to the Financial Times by the London Stock Exchange.

Stocks shown are selected by the *Stock Exchange from among those* companies and securities whose prices do not appear in our daily London Share Service.

The Saturday selection changes frequently, according to the volume of *trading* in individual stocks registered by the Stock Exchange during the week ending on each Thursday. Thus *no dealing takes* place in a stock, it will not be included in the following Saturday *Dealings page.*

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 04.03.94 Pool purchase price £/MWh	Final Prices for Trading on 04.02.94 Pool purchase price £/MWh	Pool selling price £/MWh
0030	14.64	17.25	17.25
0100	14.78	19.63	21.99
0130	10.10	19.63	22.19
0200	14.76	19.63	22.19
0230	14.68	19.63	22.19
0300	14.68	19.63	21.99
0330	14.66	17.31	17.31
0400	14.56	17.28	17.28
0430	10.62	17.24	17.24
0500	10.54	17.19	17.19
0530	14.50	17.19	17.19
0600	10.62	17.19	17.19
0630	14.64	17.22	17.22
0700	14.73	19.71	22.06
0730	15.62	20.51	22.86
0800	15.65	20.76	23.11
0830	15.35	20.76	23.12
0900	16.36	25.16	27.52
0930	16.58	25.17	27.53
1000	16.59	25.17	27.53
1030	16.60	25.17	27.53
1100	16.61	21.37	23.72
1130	16.63	21.36	23.72
1200	16.65	21.36	23.72
1230	16.63	21.36	23.72
1300	16.60	21.36	23.72
1330	16.58	17.43	17.43
1400	16.57	17.41	17.41
1430	16.57	17.38	17.38
1500	15.36	17.37	17.37
1530	15.70	17.36	17.36
1600	15.69	17.29	17.29
1630	15.73	17.38	17.38
1700	16.57	17.48	17.48
1730	16.57	24.03	26.45
1800	16.59	24.09	26.52
1830	16.61	24.04	26.45
1900	16.61	23.88	26.26
1930	16.59	23.81	26.18
2000	16.57	23.56	25.92
2030	15.35	20.50	22.86
2100	15.36	20.38	22.74
2130	15.51	20.38	22.74
2200	14.70	20.38	22.74
2230	14.56	17.20	17.20
2300	10.62	17.18	17.18
2330	10.82	16.30	16.30
2400	10.54	16.25	16.25

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.

BBL shrugs off past with 130% profit increase

By Gillian Tett in Brussels

Banque Bruxelles Lambert (BBL), one of Belgium's three largest banks, yesterday announced a 130 per cent rise in net profits over the last year to to BFr6.7bn ($190m).

Mr Daniel Cardon de Lichtbuer, BBL's chief executive, said the profits growth showed that the bank was shrugging off the poor performance of the previous two years.

"The bank has retrieved its position of strength ... we are back on the attack," said Mr Cardon de Lichtbuer, who was appointed to his position at the end of 1992, after a year in which the bank had been badly hit by provisions against bad loans and the breakdown of merger talks with the Dutch group ING.

In spite of previous setbacks, Mr Cardon de Lichtbuer said customer confidence in the bank remained high, with 12.6 per cent growth in customer deposits during 1993.

Although this growth had been partly offset by a 7 per cent drop in private sector loans, the total assets of the bank had risen by 4.8 per cent to BFr2,290bn.

At the same time, the bank's consolidated cash flow had risen by 28 per cent to some BFr29.9bn.

Mr Cardon de Lichtbuer said that this, coupled with a significant improvement in the bank's foreign units, had been the main reason for the rising profits.

The board is to recommend a dividend of BFr145 per share, compared with BFr98.8 the previous year.

● Gevaert, the Antwerp-based investment group, yesterday announced a 46.8 per cent growth in profit during 1993. Total consolidated profit was BFr2.9bn, up from BFr1.9bn the previous year.

Anglovaal steps up half-year payout

By Matthew Curtin in Johannesburg

Anglovaal, the South African mining house, is raising its interim dividend by 6 per cent to 35 cents after benefiting from improved contributions from its diamond, gold mining and industrial interests in the half-year to December 31.

Earnings climbed to 270 cents from 252 cents, but 1992 figures have been restated to reflect last year's change in the company tax rate to 40 per cent from 48 per cent. Sales rose to R4.82bn ($1.4bn) from R4.3bn, with operating income at R406.2m compared with R344.8m. Lower investment receipts curbed the rise in pre-tax profit to 16 per cent to R429.7m.

Solid performances from Anglovaal Industries' cement, engineering and textiles businesses ensured the mining house's industrial interests remained the mainstay of group profitability.

After-tax profit climbed to R283.9m from R242.9m with a drop in the group's effective tax rate. A sharp fall in equity accounted earnings left net income only 7 per cent higher at R162.9m against R152m.

Amic steps up dividend after strong advance

By Matthew Curtin

Anglo American Industrial Corporation (Amic) is increasing its dividend for the first time since 1989 following a sharp increase in profits.

The industrial arm of Anglo American of South Africa, reported an unexpectedly robust performance in the year to December 31 amid growing signs of recovery in its domestic and overseas markets.

The company, whose interests range from chemicals to mining equipment, stainless steel and consumer goods, recorded a 37 per cent jump in pre-tax profit to R647m ($187m) from R470m, on turnover a third higher at R8.79bn against R6.78bn.

The dividend is increased by 7 per cent to 375 cents a share, from 350 centsin 1992. Shareholders have been offered a scrip alternative.

A large part of the improved sales reflected an increased shareholding in construction subsidiary LTA. A similar boost is expected in 1994 from an enlarged stake in chemicals supplier AECI.

The group's three major unlisted subsidiaries – Scaw Metals, the pulp and paper producer Mondi, and mining equipment supplier Boart – all reported a strong turnround in their main markets in the second half of 1993, with further signs of good domestic and export orders so far thisyear.

Net income before abnormal items was up by more than a fifth at R526m, against R354m. Deferred tax credits boosted the bottom line by another R90m.

Mr Leslie Boyd, chairman, said the South African economy was heading for growth of at least 4 per cent in 1994.

Amic has completed an internal reorganisation to improve financial efficiency and borrowing capacity by maximising the tax base of its wholly-owned subsidiaries.

Mr Boyd said Amic was embarking on a drive to attract international partners, mainly for new business ventures.

In the past year, AECI established a joint venture in explosives with ICI of the UK and entered a partnership with Daewoo, the Korean conglomerate, which is investigating the construction of a R600m colour television tube plant in South Africa.

Special gains spur returns at Orkla

By Karen Fossli in Oslo

Orkla, the Norwegian group with interests ranging from branded consumer goods to chemical processing, announced yesterday that pre-tax profits in 1993 advanced more than four-fold, helped by solid gains from shares and a stronger performance by industrial activities.

The board proposed to increase the dividend to NKr4.10 a share from NKr3.75.

Group pre-tax profit rose sharply to NKr1.32bn ($178m) from NKr315m, as sales increased to NKr17.85bn from NKr16.81bn. Operating profit advanced by 7 per cent to NKr1.27bn.

Net financial items charged against accounts fell to NKr523m from NKr606m as share of profit from associated companies nearly doubled NKr219m from NKr112m.

Industrial activities lifted operating profit to NKr1.24bn from NKr1.17bn. Branded consumer goods' activities increased market shares for most important products but operating margins fell slightly.

Chemicals saw increased demand for important products and improved operating margins as a result of a shift in product mix, efficiency, reduced raw materials costs and favourable exchange rates.

Investment activities increased operating profit to NKr29m from NKr20, and recorded a booked pre-tax profit of NKr273m, significantly better than in 1992, when stocks on the Oslo bourse fell heavily.

Realised gains on shares in 1993 reached NKr350m against losses of NKr381m in 1992, while unrealised gains shot up by nearly NKr2.5bn from NKr5m.

Alcan puts building products up for sale

By Robert Gibbens in Montreal

Alcan Aluminium plans to sell its North American building products division. The division, which employs 1,800 people at 18 plants and 47 sales offices, recorded sales of US$425m in 1993 and could, according to analysts, fetch around $300m.

Margins at the division, which makes and distributes a range of aluminium, vinyl and steel building products, were under severe pressure during the US recession.

In addition, aluminium's share of the big building products market has been declining for several years. CS First Boston is to explore options for the division.

Alcan is concentrating on upgrading the performance of its worldwide raw materials and smelting businesses, and optimising its North American and Euriopean rolling capacity.

"We will continue to invest only in those companies that are a strategic fit and create long-term value," it said. "The capital tied up in the building products business could be better deployed elsewhere."

Rio Algom improves

Canadian mining group Rio Algom's metals distribution business improved in the fourth quarter, but mining operations posted lower revenues, writes Robert Gibbens in Montreal.

Net profit was C$11.2m (US$8.3m), or 25 cents a share, against C$10.1m, or 20 cents, a year earlier, on revenues of C$243m, against C$241m.

The figure for all of 1993 was C$33.9m, or 73 cents, against C$39.4m, or 88 cents, on revenues of C$955m, compared with C$905m.

Mining operations are moving away from uranium to base metals.

Production has started at the Cerro Colorado project in Chile, which will produce 90m pounds of high-quality cathode yearly.

Slow Canadian recovery reflected in CIBC results

By Bernard Simon in Toronto

Canadian Imperial Bank of Commerce lifted first-quarter income by 27 per cent, due largely to strong contributions from investment banking, mutual funds and credit cards.

But like most of Canada's other big five banks which have reported over the past 10 days, CIBC's results reflect the relatively slow recovery in Canadian business activity, compared with the US. Growth in credit demand remains slow and there has been only a relatively modest drop in loan-loss provisions.

The Canadian banks have been buoyed, however, by their strongly-performing securities-dealing subsidiaries and their ballooning mutual funds business.

CIBC's earnings rose to C$214m (US$159.7m), or 86 cents a share, in the three months to January 31, from C$169m, or 74 cents, a year earlier.

Return on equity improved to 11.6 per cent from 10.6 per cent. Return on assets rose to 0.59 per cent from 0.54 per cent. CIBC, which is Canada's second-biggest financial institution, had total assets of C$144.4bn on January 31, 6 per cent higher than a year ago.

Loan-loss provisions charged against income were unchanged at C$220m, although estimated loan losses of C$880m for the year as a whole are lower than the C$920m posted in fiscal 1993. Non-performing loans fell for the fourth consecutive quarter to C$2.2bn, or 2.1 per cent of total loans, from C$3.1bn, or 3 per cent of total loans, last year.

The loan-loss record of most Canadian banks has recently been distorted by transfers of surpluses on the market value of their Third World debt portfolios.

One analyst predicted yesterday that the banks would continue to use surpluses on their LDC debt and other securities holdings to smooth overall earnings trends over the next year or so.

Fairview in mortgage move

By Robert Gibbens in Montreal

Cadillac Fairview, one of Canada's biggest commercial property groups, will halt mortgage payments on at least six troubled properties to conserve cash and speed a financial restructuring.

Fairview owns 74 large properties in Canada and the US, mainly shopping centres, and including Toronto's downtown Eaton Centre and Vancouver's Pacific Centre. The last two are generating enough cash to cover debt payments.

Fairview was sold by the Montreal Bronfman family in 1987 to Chicago's JMB Realty and 41 institutions. Since 1990 it has been hit by steeply falling property values, lower rents and rising vacancies.

It owes C$2.2bn (US$1.64bn) on individual properties and has C$11bn of corporate debt.

A week ago Fairview said it was negotiating a restructuring with shareholders and lenders and was considering asset sales and a public share issue.

Mr Graeme Eadie, president, said as an interim measure Fairview would segregate cash flow and liabilities for each of its 62 Canadian properties. Hitherto revenues were pooled and cash flow from one property could support others.

Interest and principal to mortgage holders and joint owners would be limited to actual cash flow generated by an individual property, while trade creditors would continue to be paid fully, Mr Eadie explained.

It means that Fairview could risk foreclosure attempts, analysts said.

Fairview is in talks with its lenders to obtain new financing to complete the restructuring. The Toronto Dominion Bank is agent for the lenders.

Nike signs licensing deal with Alpargatas

By John Barham in Buenos Aires

Nike, the US running shoe company, has concluded a five-year licensing agreement with Argentina's Alpargatas to distribute its products in Argentina and Brazil.

Nike also formed a joint venture with Alpargatas, a leading clothing and sportswear company, to market and distribute Nike products in Argentina and Uruguay.

Alpargatas maintained it was appointed to take over the Nike franchise from a Brazilian company because of its success in building up the business in Argentina.

Mr Juan Avellaneda, the Alpargatas executive in charge of the Nike operation, said his company had raised annual sales at a rate of 30 per cent a year since 1990 to $70m last year.

Mr Avellaneda expects sales in Brazil to increase faster than in Argentina, which he forecasts to grow at 15-20 per cent a year. Alpargatas will pay Nike a 6 per cent royalty on sales.

The deal with Nike is the latest in an increasing number involving local and multinational companies aiming to integrate operations in the region.

Dell posts 'disappointing year' with 43% decline

By Louise Kehoe in San Francisco

Dell Computer, the US personal computer maker, yesterday unveiled a 43 per cent drop in fourth-quarter earnings. But the company, which recovered from losses in the first half of the year, surpassed Wall Street expectations.

Mr Michael Dell, chairman and chief executive, said nonetheless fiscal 1994 had been "a very disappointing year".

Dell's results calmed Wall Street fears of slowing growth in the PC market. On Wednesday, shares of PC companies dropped sharply when AST Research, another PC maker, confirmed slower than anticipated sales growth in February.

Dell reported earnings of $17.7m, or 39 cents a share, on revenues of $742.9m for the fourth quarter. This compares with profits of $31.3m, or 77 cents, on sales of $620.3m in the same period last year.

For the year, the group posted a net loss of $35.8m, or $1.06, compared with net income of $101.6m, or $2.59, in 1993. Sales rose 43 per cent to $2.87bn in 1994 from $2.01bn.

The 1994 loss resulted from a $71m second-quarter charge when Dell was forced to withdraw its notebook computer products due to design flaws.

Mr Dell said the company's rapid growth over the past two years had secured its position as "one of the top five PC companies in the world", but also brought "some serious issues in our systems and processes".

The company has made substantial progress in addressing these problems, he said.

Gross profit margins in the fourth quarter were 18.6 per cent of sales, against 20.5 per cent in the same period last year and 17.9 per cent in the third quarter of the current fiscal year.

In mid-session trading yesterday, Dell was trading at $27, up from Wednesday's close of $24⅞. Compaq Computer gained $3⅛ to trade at $97⅛. AST Research edged up $⅜ to $23⅞.

Metall Mining suffers sharp fall

By Bernard Simon

Metall Mining, the Toronto-based international mining arm of Germany's Metallgesellschaft, suffered a sharp drop in fourth-quarter earnings as a result of weak copper and zinc prices.

Net income fell to C$4.3m (US$3.2m) or six cents a share, from C$9.8m, or 18 cents, a year earlier. Figures for the latest period include a C$19m gain from the sale of an investment, compared with a similar gain of C$6.5m last year.

Revenues climbed to C$140.3m from C$104.4m, reflecting Metall's recent purchase of its parent company's copper smelting and refining interests.

Metallgesellschaft has indicated that it planned to sell its 50.1 per cent stake in Metall as part of its financial restructuring. However, the disposal is complicated by arrangements between Metallgesellschaft and its partners in various joint ventures in which the parent's stake has been bundled into Metall. Some partners also hold a right of first refusal on Metall's stake in their ventures.

Metall said that prices received by Copper Range, an integrated producer in Michigan, fell to an average of 90 US cents per pound last year from US$1.03 in 1992. This was partly offset by a drop in cash costs for cathode produced from Copper Range ore to 79 cents from 82 cents.

Feasibility studies are continuing at the Izok Lake property in Canada's Northwest Territories, the largest undeveloped copper and zinc deposit in North America. But Metall cautioned that transportation of concentrates from the remote site "remains a major issue".

Norwegian shipowner reverses into the red

By Karen Fossli in Oslo

Wilhelm Wilhelmsen, the Norwegian shipowner, suffered a pre-tax loss of NKr47m ($6.35m) for 1993, compared with a profit of NKr166m in 1992.

The loss was primarily due to weak markets in several shipping segments, foreign currency losses on debt and an increase in pension obligations.

Nevertheless, the shipowner plans to lift its dividend to NKr1.50 from NKr1.30.

Group turnover in 1993 rose to NKr3.58bn from NKr3.34bn while operating profit, before financial and other items, advanced to NKr285m from NKr221m.

Financial items increased sharply to NKr194m from NKr55m. Wilhelmsen also provided NKr138m to cover pension obligations.

Wilhelmsen said it had disposed of a 47.5 per cent shareholding in a drilling rig which will bring a gain of NKr175m to the 1994 accounts.

- Scancem, a 50-50 joint venture between Norway's Aker group and Sweden's Euroc, is to buy a 49 per cent stake in Cimangola, an Angolan cement plant.

The deal, valued at NKr135m, of which Scancem will pay 50 per cent, also involves an unnamed international cement producer.

Details of first Swedish TV flotation revealed

By Hugh Carnegy in Stockholm

Details of the first public flotation by a Swedish television company were announced yesterday when TV4, the country's only commercial terrestrial channel, published the prospectus for a SKr400m issue of a 20 per cent share of the company.

The 4m shares are priced at SKr100 each and TV4 hopes to attract 35,000 new investors. Applications will be taken between March 8 and March 18 and the company will be listed in Stockholm.

TV4's biggest shareholder is the Swedish company Kinnevik, which also controls TV3, a commercial cable channel. Investor, the main investment vehicle of the Wallenberg family, also holds 25 per cent.

TV4 predicted a SKr175m ($21.8m) profit in 1994, following a profit of SKr72m last year, but warned revenues could be hit if state-owned Swedish TV, which runs two terrestrial stations, is allowed to run advertising.

Hongkong and Shanghai Hotels profits climb 12%

By Louise Lucas in Hong Kong

Hongkong and Shanghai Hotels, the hotels and property company controlled by the Kadoorie family, yesterday reported a 12 per cent rise in earnings to HK$417m (US$54m) for the year to December 31 against HK$372m in 1992. Profits were boosted by rocketing rental income from the Repulse Bay and other developments and sharply reduced interest rate costs.

The company booked a further HK$118m through the sale of 14.3m shares in Harbour Centre Development, which owns and operates hotels in Hong Kong and Texas. Since the year end, Hongkong and Shanghai Hotels has sold a further 18m shares on the open market, in line with plans to concentrate on core activities.

The group decided to dispose of its 10.7 per cent stake in Harbour Centre – held since June 1968 – after a privatisation bid by Wharf Holdings, the majority shareholder, failed last year. This year the disposal is expected to reap around HK$170m for Hongkong and Shanghai Hotels.

Earnings per share rose to 39 HK cents compared with 36 cents in 1992, slightly above the market consensus, although analysts reckoned a more generous dividend might have been forthcoming, especially in light of the $118m extraordinary gain. The final dividend was 14 cents, giving a total for the year of 20 cents against 18 cents in 1992.

Operating profit on the hotels side last year, down 8 per cent at HK$245m, was hit by extension work to The Peninsula in Hong Kong, scheduled for completion in June. However, increased rental incomes helped propel operating profits on residential and commercial activities 16 per cent ahead to HK$248m.

The outlook for the group, which owns the colony's most prestigious hotel – The Peninsula in Kowloon – and the long-running Peak Tram, is deemed to be good on both the hotel and property fronts. The hotel sector generally is expected to enjoy better times due to a reduction in room supply (several hotels have been sold recently, and most of these are likely to re-emerge as commercial blocks) and a rise in room tariffs.

Bank unit boosts Keppel result

By Kieran Cooke in Kuala Lumpur

Keppel, one of Singapore's biggest conglomerates, has reported pre-tax profits for the year ended December 31 of S$338.5m (US$214m), a 21 per cent rise on the previous year. The increase was achieved despite a 2 per cent drop in turnover to S$1.53bn.

Keppel, majority-controlled by the Singapore government and one of the island republic's leading ship repair and shipbuilding companies, said growth and profitability had improved significantly in the second half.

While pre-tax profits in Keppel's shipbuilding and repair sector were down slightly in 1993, the group's figures were boosted by big gains at Keppel Bank, the recently partially privatised banking and financial services arm of the group. The unit's pre-tax profits rose to S$122m in 1993 from S$57.5m.

The group said it expected higher operating profits in the coming year due to the improvement in the US economy and continued high regional economic growth.

A final dividend of 12 cents per share was recommended.

● Sembawang, another of Singapore's state-controlled conglomerates based on ship repair, has announced pre-tax profits for 1993 of S$124.1m, a 6 per cent decline on 1992. Revenues also fell 6 per cent to S$666m.

NEWS DIGEST

HK Electric ahead 10.8%

Hong Kong Electric, which operates the colony's electric power monopoly, has met market expectations with a 10.8 per cent rise in profits to HK$3.38bn (US$437m) for the year to December 31, from HK$3.05bn in 1992, writes Louise Lucas in Hong Kong.

Earnings per share were 167 cents, up from 151 cents, and shareholders are to receive an improved dividend of 57 cents, giving a total for the year of 90 cents compared with 82 cents the previous year.

Mr George Magnus, chairman, said Secan, the group's property development associate, contributed 19 per cent of pre-tax profits last year and was expected to make a further injection as more tower blocks come on line this year.

John Schaap to leave Qantas

Mr John Schaap, the former chief executive of Australian Airlines, the large domestic airline which was acquired by Qantas in 1992, is to leave the merged carrier today, writes Nikki Tait.

Mr Schaap, who for the past 18 months has been general manager of Qantas' Australian operations, said he had "explored a number of options available to him as part of the new Qantas management structure but none was found to be suitable".

Bankers Trust subsidiary improves

Bankers Trust Australia, an offshoot of the US-based investment bank and now the second largest fund management operation in Australia, said yesterday that its operating profits rose to A$363.5m (US$259.9m) last year from A$345.8m, writes Nikki Tait.

After-tax profits in 1993 were A$273.5m, up from A$203.6m.

Earnings at Mayne Nickless surge 30%

By Nikki Tait

Increased earnings from its transportation and healthcare businesses more than offset a decline in the security division for Melbourne-based Mayne Nickless, and left the company posting a 30.1 per cent increase in net operating profits before abnormals, in the six months to January 2.

Mayne said that it made A$61.7m (US$44.1m) in the period, compared with A$47.4m a year earlier. Sales rose by 4.1 per cent, to A$1.44bn, from A$1.38bn previously, and earnings per share before abnormals were up by 25.6 per cent, at 20.6 cents.

The most recent half-year, however, saw an A$27.2m abnormal charge, relating to a retrenchment programme at its Spanish Transportes Helguera business (A$9.5m), and a decision to pull out of the Italian express freight market. The Bergaglio Trasporti operation was closed this month, and cost associated with this accounts for the remaining A$17.7m of the charge.

The result of the abnormal charge was to reduce Mayne's bottom-line profit to A$34.5m, from A$47.4m previously.

Within the three operating divisions, transportation – which includes the Parceline business in the UK – saw a sharp 70.4 per cent improvement in operating earnings, to A$41.7m. This result was helped by the acquisition of France Distribution System in early-1993.

Mayne said that the Australian and North American businesses put in better results, and that the express freight operations in the UK "performed satisfactorily".

The healthcare business pushed operating profits 15.2 per cent higher to A$24.3m.

Correction

Daewoo

Daewoo's group profits for 1993 were Won464bn and not Won298bn as stated in Tuesday's edition.

Amcor turns in A$251m halfway

By Nikki Tait in Sydney

Amcor, the fast-expanding Australian paper and packaging group which is currently pushing into Europe and North America, yesterday reported profits before tax and abnormals of A$251.5m (US$179.8m) for the six months to end-December, a 10.6 per cent increase over the same period of 1992-93.

Earnings per share increased by around 12 per cent, to 27.4 cents, on a fully-diluted basis and also before tax. Sales rose by a tenth, to A$2.73bn. The company incurred only a small A$106,000 abnormal charge in the most recent half-year, but had the benefit of a A$67.2m surplus last time. As a result, net profit after abnormals fell from A$294.7m to A$251.4m.

Amcor said that it saw better operating conditions in Australia, North America and the UK, with growth continuing in New Zealand and Asia. But packaging activities in France and Germany continued to face a tough economic climate, and Europe was the one region to show a fall in pre-tax profits year-on-year.

On the packaging side, profits before interest and tax were up by 7.5 per cent to A$171.2m, with sales increasing by 15.4 per cent, to A$1.57bn. On the paper side, which was recently augmented by the purchase of North Broken Hill Peko's Associated Pulp and Paper Mills, profits dipped slightly, from A$106.1m to A$104m.

Paper merchanting earnings rose, but the main Amcor Paper Group saw profits dip by almost 6 per cent, under fierce competition.

Reduced interest charges, down from A$43.6m to A$29m, also helped the increase in pre-tax profits.

Amcor said that it expects total outlays on acquisitions and capital expenditure to exceed A$1.1bn in the current financial year.

● North Broken Hill Peko announced yesterday that it is spending A$31m to build a satellite woodchip mill at Hampshire, Tasmania.

Goodman Fielder dips 12% at interim stage

By Nikki Tait

Goodman Fielder, Australia's largest food group which has been the subject of recent management turmoil, lacklustre earnings, and shareholder disgruntlement, reported a 12.1 per cent fall in interim profits, to A$57.6m (US$41.2m) after tax but before abnormals.

The figure, which compared with A$65.5m a year earlier, was achieved on sales 7.3 per cent lower at A$1.94bn. Earnings per share, also after tax but ahead of minorities, slipped by 16.7 per cent to 5 cents. Profits after tax and abnormals stood at A$61.6m, compared with A$131.8m in the previous year, when there was a large abnormal surplus.

The company pointed out yesterday that comparisons were distorted by disposals and purchases. It said the operating earnings, before interest, from ongoing operations rose by 16.8 per cent in the first half, although total operating profit after interest charges of A$42.6m, against A$47.4m, was flat at A$91.6m.

Performance varied across the group. The Australian milling operations made a reduced contribution, affected by higher wheat prices, and the Australian poultry business also had a difficult half-year. Ingredients saw earnings before interest and tax fall by 21.1 per cent.

However, margins in the European food group improved from 3.5 per cent to 4.7 per cent, and its contribution to operating earnings increased from A$22.9m to A$27.8m, due partly to the full inclusion of Wessanen (compared with two months last time).

Yesterday, Mr Barry Weir, chief executive, said that the group was looking at "modest earnings growth" in the second half, and that its current focus was on the underperforming parts of the group.

Technical recovery in futures calms markets

By Conner Middelmann in London and Patrick Harverson in New York

European government bond markets calmed yesterday, with sentiment buoyed by a technical recovery in the futures pits.

"The markets got oversold and the technical indicators are screaming buy me!" said Mr Julian Callow, international economist at Kleinwort Benson, adding: "This has a distinct flavour of a dead-cat-bounce."

However, while cash dealings were thin, traders reported some buying, especially by domestic investors. "I saw a few timid buyers today – the first time in a long time," said one trader.

Following Wednesday's late bounce, prices continued to firm in the morning, underpinned by hopes that the Bundesbank's central bank council might announce a monetary easing. When the Bundesbank left interest rates unchanged, prices dipped briefly but soon recovered, helped by news that the German engineering employers' association had proposed new top-level talks with union leaders to try to resolve the pay dispute. A short-squeeze in the futures pits pushed many contracts sharply higher in late trading.

■ The high-yielding bond markets were yesterday's best performers, having been the worst casualties of the recent sell-off.

"The very strong bounce reflects the fact that they had sold off too fast and too far," said Mr Jouni Kokko, international economist at SG Warburg.

The Bank of Spain's surprise ½-point cut in the key money rate to 8 per cent gave Spanish bonds a massive boost, causing the March bond future to rally by more than three points at one point. It closed at 101.38, up 2.30 points on the day.

The Bank of Spain's decision to reject all bids for its auction of three, five and 10-year debt also helped sentiment by removing the spectre of fresh supply at a time of scarce retail demand.

■ Italian bonds also recovered smartly, boosted by the Spanish rally and by news that Italy's National Auditors Court had approved government plans to speed the repayment of withholding tax to foreign investors in the Italian bond market.

The court decision was the final stage before a decree speeding the repayment could be put into effect. The decree sets out a new system for refunding the 12.5 per cent tax to residents of countries that have signed double taxation treaties with Italy.

GOVERNMENT BONDS

The BTP future on Liffe rose by 2.04 point to 111.40.

■ German bonds opened on a firm tone, slipped back on the Bundesbank's announcement of unchanged rates but rose again on news of top-level pay talks in the engineering sector. Unsubstantiated rumours surrounding emergency central bank action to calm the markets fuelled another late spurt as traders covered their short positions in the futures pits.

The March bund future hit a high of 96.30 during the late squeeze, but slipped back in after-hours APT trading to around 95.98, up 0.54 point on the day.

Due to continued high volatility, the German futures and options exchange DTB raised margins on its bund and Bobl futures.

Effective today, the margin for the Bund future is DM4,000 (160 ticks), up from DM3,000 (120 ticks). The margin for the Bobl future was raised to DM2,000 (80 ticks) from DM1,750 (70 ticks).

■ French bonds also ended higher, helped by the smooth auction of 10 and 30-year bonds.

"The auction went much better than expected," said one trader, who reported massive single bids for the paper from French investment funds.

The March notional bond future rose 0.48 point to 124.86.

■ UK gilts posted modest losses amid nervousness ahead of today's US non-farm payrolls data.

"The UK is the second-furthest along in the global economic cycle, and we're especially vulnerable to bad US news," said a trader.

The March long gilt future slipped by $\frac{3}{32}$ point to 111⅝.

■ US Treasury prices fell across the maturity range yesterday morning amid nervous trading as investors and dealers awaited today's crucial employment report.

By midday the benchmark 30-year government bond was down ⅜ at 93, yielding 6.798 per cent. The two-year note was also weaker, down ⅛ at 99$\frac{21}{32}$, to yield 4.791 per cent.

After the wild gyrations of Wednesday, when the bond rebounded from an early one-point loss to end with a modest gain, trading returned to near normal yesterday. Prices were mostly stable, except at the long end, where the bond edged steadily lower during the morning session as market participants lightened their positions ahead of the monthly employment data.

The jobs data could prove decisive in determining the immediate outlook for Treasuries, because analysts believe that if the figures show continued strength in the labour market, the Fed will probably decide to raise interest rates again in a second pre-emptive move against inflation. This could further undermine bond market sentiment, although traders say that in the wake of the recent declines, a second rate hike has already been priced into bonds.

If the unemployment number is well below expectations, however (and there is a good possibility that the job growth slowed in February, primarily because of the severe winter weather and repercussions of the Los Angeles earthquake), then the Fed may hold off on another monetary policy tightening. In this case, bond prices could rebound from their recent losses.

Crédit Lyonnais voices concern over derivatives image

By Conner Middelmann

Amid the controversy surrounding funds investing in derivative instruments, futures fund managers Crédit Lyonnais Rouse (CLR) are voicing concern over the industry's image.

"If we want to develop this business and get people to take the industry seriously, we need the last two months like a hole in the head," said Mr David Moore, head of CLR's funds division.

Many funds investing aggressively in derivatives incurred heavy losses in the currency and bond markets during the last two months, prompting a wave of concern about the potentially destabilising effects of such investment vehicles.

CLR recommends that the industry move away from basic managed futures towards the construction of funds using derivatives (including futures, options and swaps) that identify a particular risk or return profile and identify their performance objectives.

Moreover, "fees and expenses must be kept under control", they state. Performance fees are acceptable if the performance element of the fee is only charged after a minimum level of return has been achieved, they argue.

Indeed, "negotiations with new CTAs (commodities trading advisers) for our established funds have shown an acceptance of the critical idea of only charging performance fees above a minimum level of return," said Mr Moore. "We are in the process of signing two CTAs on this basis."

The industry average is currently a 2 per cent, management fee and an additional performance fee ranging between 15 and 25 per cent.

Volatility worries keep down new issuance in Eurobonds

By Antonia Sharpe

New issuance in the Eurobond market remained thin yesterday despite the slight improvement in sentiment in leading government bond markets.

Syndicate managers said borrowers and investors were reluctant to leave the sidelines until they were sure that the recent price volatility had come to an end. The widening in yield spreads of around five basis points on recent Eurobond offerings from supranational issuers was a further deterrent, they said.

The turbulence of the past weeks prompted Industrial Development Bank of India to postpone its debut Eurobond offering, a $200m issue of five-year bonds, until market conditions improved, lead manager Citibank International said.

INTERNATIONAL BONDS

Among yesterday's meagre selection, GECC raised Fl 250m through an offering of three-year Eurobonds. The proceeds of the deal were thought to have been swapped into fixed-rate dollars.

Some syndicate managers were surprised at the three-year maturity because they believed that GECC was seeking to reduce its dependence on commercial paper and extend its maturity profile to between four and six years.

Lead manager ABN-Amro said the deal, which was priced to yield 15 basis points over the interpolated curve, was targeted mainly at retail investors in the Benelux region and in Switzerland. It noted that there was a shortage of guilder-denominated paper with this maturity.

ABN-Amro added that a "comfortable" amount of bonds had been placed and that hardly any had been sold back to the lead manager.

Elsewhere, Credito Fondiario e Industriale, an Italian mortgage institution, raised L120bn through an offering of 10-year floating-rate notes. Joint lead manager Chase said the deal had gone well considering the underlying volatility in the markets.

As with other recent offerings of lira-denominated FRNs, there was a strong bias towards Italian investors. In the afternoon, the notes were quoted bid only at the issue price of par.

● The Bank of China's proposed $500m yankee bond offering is being held up until the US Treasury bond market stabilises, according to a source close to the Bank of China debt offering, Reuter reports from New York.

The deal was expected to be priced yesterday, but the Treasury market fell this week on fears the Federal Reserve may again tighten credit. The bank source said the deal was likely to be priced today or early next week.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
GUILDERS							
General Electric Capital Corp.	250	5.50	99.84R	Mar.1997	0.15R	+15 (a)	ABN Amro Bank
ITALIAN LIRE							
Credito Fondiario e Ind.(b)‡	120bn	(c)	100.00	Mar.2004	undiscl.	-	Monte dei Paschi di Siena

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Over interpolated yield. b) Callable on 31/5/97 and annually thereafter. c) 6-mth Libor +1%. Short 1st and last coupons.

Sao Paulo recovers as tax worries recede

By Patrick McCurry in Sao Paulo

The Sao Paulo stock market staged a partial recovery early yesterday after falling 6.4 per cent on Wednesday over fears that foreign investors will have to pay a financial operations tax of up to 25 per cent on new money entering the country.

The fears followed passage of a measure which gives the government the option of introducing the tax if necessary to stem a rush of foreign capital into the country which could jeopardise the government's current anti-inflation plan.

The central bank also introduced stricter rules for Brazilian companies wanting to issue Eurobonds and other fixed income securities. The bank decreed that the financial operations tax (IOF) could in future be levied on all exchange operations, including equities investment.

Stock brokers believe that no restrictions on equity investment are imminent. If the government decides to take further action it will first target Eurobonds and other debt instruments by increasing their IOF tax rate, they said.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	115.9900	+0.640	6.96	6.81	6.20
Belgium		7.250	04/04	101.0000	+0.900	7.10	6.95	6.44
Canada *		6.500	06/04	95.1500	+0.300	7.18	6.88	6.44
Denmark		7.000	12/04	101.9700	+1.070	6.73	6.55	6.06
France	BTAN	8.000	05/98	107.5900	−0.120	5.42	5.42	5.10
	OAT	5.500	04/04	93.5400	−0.290	6.38	6.16	5.75
Germany		6.000	09/03	97.9000	+0.800	6.29	6.08	5.72
Italy		8.500	01/04	93.3750	+0.120	9.56†	8.73	8.29
Japan	No 119	4.800	06/99	104.9680	−0.990	3.68	3.21	3.14
	No 157	4.500	06/03	104.3050	+0.070	3.87	3.55	3.52
Netherlands		5.750	01/04	96.4500	+1.610	6.24	6.08	5.66
Spain		10.500	10/03	110.8000	+2.400	8.78	8.51	7.82
UK Gilts		6.000	08/99	97-22	-10/32	6.52	6.56	5.68
		6.750	11/04	97-05	-17/32	7.18	7.12	6.22
		9.000	10/08	114-27	-19/32	7.33	7.32	6.59
US Treasury *		5.875	02/04	95-23	-4/32	6.32	6.17	5.74
		6.250	08/23	92-27	-1/32	6.79	6.69	6.31
ECU (French Govt)		6.000	04/04	93.5300	+0.380	6.91	6.48	5.98

London closing. *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime rates

Prime rate	6
Broker loan rate	5
Fed.funds	3¼
Fed.funds at intervention	3$\frac{5}{16}$

Treasury Bills and Bond Yields

One month	3.14	Two year	4.82
Two month	3.49	Three year	5.20
Three month	3.55	Five year	5.78
Six month	3.81	10-year	6.34
One year	4.13	30-year	6.83

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	125.32	124.86	+0.48	125.34	124.32	344,180	155,647
Jun	124.86	124.44	+0.50	124.95	123.94	42,362	72,412
Sep	124.00	123.68	+0.50	124.44	123.26	409	10,609

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Apr	Calls Jun	Calls Sep	Puts Apr	Puts Jun	Puts Sep
127	0.30	0.78	0.85	-	3.50	-
128	0.17	0.51	0.60	-	4.05	-
129	-	0.32	0.34	-	4.83	-
130	-	0.17	-	-	5.58	-
131	-	0.10	0.20	-	-	-

Est. vol. total, Calls 50,500 Puts 112,028. Previous day's open int., Calls 310,093 Puts 274,871.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.80	96.29	+0.85	96.30	95.20	197973	118010
Jun	95.60	95.86	+0.67	95.90	94.90	107220	157871
Sep	95.30	95.73	+0.70	95.32	95.00	344	4147

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9550	1.62	1.84	1.26	1.61
9600	1.36	1.61	1.50	1.88
9650	1.13	1.39	1.77	2.16

Est. vol. total, Calls 50579 Puts 16430. Previous day's open int., Calls 218178 Puts 190171

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.47	100.75	+0.58	100.80	100.12	2480	6514
Jun	100.43	100.60	+0.43	100.62	100.20	544	1981

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	110.00	112.20	+2.65	112.60	109.10	43447	41140
Jun	109.90	111.55	+2.19	111.80	109.00	72493	95837
Sep		111.51	+2.19			0	1

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
11150	2.67	3.35	2.82	3.34
11200	2.43	3.12	2.88	3.61
11250	2.20	2.89	3.15	3.88

Est. vol. total, Calls 3544 Puts 5543. Previous day's open int., Calls 63819 Puts 45185

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	99.60	101.46	+2.30	101.48	98.60	99,999	109,711
Jun	99.40	101.25	+2.30	101.26	98.90	9,782	47,209

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	112-00	111-24	-0-06	112-01	111-05	18743	31364
Jun	111-02	110-23	-0-08	111-10	110-02	128319	166294
Sep		109-27	-0-08			0	0

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
110	2-41	3-05	1-59	3-15
111	2-07	2-41	2-25	3-51
112	1-43	2-15	2-61	4-25

Est. vol. total, Calls 14422 Puts 6275. Previous day's open int., Calls 53030 Puts 40207

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	116.40	116.60	+0.70	116.70	115.90	6,360	13,190
Jun	-	90.70	+0.60	-	-	-	211

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	111-09	111-08	+0-01	111-16	110-30	50,391	149,919
Jun	110-06	110-03	+0-01	110-12	109-26	585,532	239,826
Sep	109-11	109-06	+0-01	109-15	108-31	983	34,581

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	111.87			112.20	111.87	98	0
Jun	110.42			111.12	110.42	3298	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Thu Mar 3	Day's change %	Wed Mar 2	Accrued interest	xd adj. ytd		Low coupon yield Mar 3	Mar 2	Yr. ago	Medium coupon yield Mar 3	Mar 2	Yr. ago	High coupon yield Mar 3	Mar 2	Yr. ago
1 Up to 5 years (23)	126.75	+0.07	126.66	1.69	2.07	5 yrs	6.57	6.59	6.55	6.77	6.79	6.84	6.89	6.92	7.00
2 5-15 years (24)	152.76	+0.23	152.40	1.97	2.75	15 yrs	7.25	7.30	7.69	7.36	7.40	8.18	7.57	7.57	8.40
3 Over 15 years (8)	172.84	+0.10	172.67	0.56	3.53	20 yrs	7.35	7.40	7.97	7.35	7.36	8.35	7.58	7.57	8.49
4 Irredeemables (6)	203.36	+0.75	201.85	2.26	1.47	Irred.†	7.42	7.48	8.44						
5 All stocks (61)	148.64	+0.17	148.39	1.69	2.62										

Index-linked							Inflation 5% Mar 3	Mar 2	Yr. ago	Inflation 10% Mar 3	Mar 2	Yr. ago
6 Up to 5 years (2)	187.49	-0.02	187.52	0.68	1.41	Up to 5 yrs	2.64	2.63	2.04	1.75	1.73	1.19
7 Over 5 years (11)	181.90	+0.03	181.84	0.84	0.79	Over 5 yrs	3.30	3.30	3.47	3.12	3.12	3.29
8 All stocks (13)	181.58	+0.03	181.53	0.82	0.85							

Debentures and Loans						5 year yield Mar 3	Mar 2	Yr. ago	15 year yield Mar 3	Mar 2	Yr. ago	25 year yield Mar 3	Mar 2	Yr. ago
9 Debs & Loans (73)	145.79	+0.48	145.10	2.04	2.37	8.32	8.40	8.53	8.42	8.46	9.25	8.45	8.50	9.49

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Mar 3	Mar 2	Mar 1	Feb 28	Feb 25	Yr ago	High*	Low*
Govt. Secs. (UK)	100.40	100.12	101.11	101.91	101.25	97.12	107.60	93.28
Fixed Interest	121.19	121.47	123.06	122.97	123.76	113.02	133.87	108.67

GILT EDGED ACTIVITY INDICES

	Mar 2	Mar 1	Feb 28	Feb 25	Feb 24
Gilt Edged bargains	138.7	167.5	189.6	162.0	127.7
5-day average	157.1	150.0	140.4	126.1	112.8

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:55 pm on March 3

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	96⅞	97⅛		6.97
AlbertaProvince 9⅜ 95	600	105⅝	107		5.05
United Kingdom 7¼ 97	5500	103⅝	104⅛	-⅛	5.96
Volkswagen Intl Fin 7 03	1000	100	100¼	+⅝	6.99
World Bank 0 15	2000	25⅜	25¾	-⅛	6.49
Alliance Leics 11¾ 97 £	100	113	113⅜	-⅛	6.68
British Gas 12¼ 95 £	300	106⅜	106¾	-½	5.61
British Land 8⅞ 23 £	150	97	97½	-¾	9.38
[illegible]					

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or -	1993/94 High	1993/94 Low
Shorts" (Lives up to Five Years)							
Exch 13½pc 1994		13.33	4.88	101$\frac{9}{32}$		109$\frac{5}{32}$	101$\frac{5}{32}$
Treas 10pc Ln 1994‡‡		9.87	4.93	101$\frac{11}{32}$	-$\frac{1}{16}$	105$\frac{11}{32}$	101$\frac{5}{32}$
Exch 12½pc 1994		12.07	4.88	103$\frac{17}{32}$		110$\frac{3}{32}$	103$\frac{7}{32}$
Treas 9pc 1994‡‡		8.75	4.97	102$\frac{27}{32}$		105$\frac{13}{32}$	102$\frac{17}{32}$
12pc 1995		11.31	4.95	106⅛		111$\frac{13}{32}$	106⅛
Exch 3pc Gas 90-95		3.07	4.97	97¼		98	94
[illegible]							

Micro Focus 4% down and shares fall further

By Alan Cane

Micro Focus, the Berkshire-based software house which has seen its share price plummet from £30 to less than £10 in 12 months, reported a 4.4 per cent decline in pre-tax profits for the year to January 31 despite higher sales.

The shares fell a further 30p to 970p.

About 20 per cent of the company's stock is held as ADRs and it reports in both sterling and dollars. Pre-tax profits came to £21.8m (£22.8m), or $32.5m ($38.5m). Sales were £83.8m (£68.9m), a 21.6 per cent rise in sterling but only 5.8 per cent in dollars. Earnings, fully diluted, were 101.2p (106.5p).

In keeping with US practice for high technology companies, Micro Focus does not pay a dividend, preferring to reinvest in the company. It spends about 19 per cent of revenues on research and development.

Micro Focus develops and markets software tools which make it easier for programmers to write software. It has a special expertise in Cobol, the commonest computer language for business applications.

Mr Paul O'Grady, chairman, said costs had been on budget while sales had lagged, resulting in an earnings shortfall. "This was caused by less than planned sales of our products for development of MVS applications on IBM mainframes."

These products represented about 50 per cent of the company's business. The problem was that customers were confused over the future of mainframe computers. Mr O'Grady said that sales of the company's pc networking tools were growing at more than 340 per cent a year.

● COMMENT

The share price has been traditionally heavily influenced by US shareholders who are both more knowledgeable and more volatile than UK investors, but there is no disguising the City's irritation with Micro Focus. Despite its proven ability to develop excellent software tools while keeping tight control of overheads, the company somehow fails to inspire confidence. Management is being strengthened, however, by the return of Mr Brian Reynolds, a founder, as joint chief executive with Mr O'Grady. The real question is: how much life remains in the mainframe applications market? Data processing is subject to fads and fashion but both mainframes and Cobol are probably safe for the foreseeable future. While customers make up their minds, however, Micro Focus may have problems returning to growth. Earnings are likely to be flat next year. The p/e is an undemanding 9.3, however, and there should be value in the interest shown in the company's pc networking tools.

Heron Intl seeks more time to pay interest

By Maggie Urry

Heron International, Mr Gerald Ronson's property group which completed a £1.4bn refinancing last September, is asking lenders for more time to pay interest due on March 31. It blamed "difficult market conditions in Europe" for its inability to pay on time.

It added that declines in European property values meant it could no longer predict that its senior bonds would be repaid in full, and it was proposing that a proportion of the bonds should be swapped into a lower ranking convertible bond. Further it said that its Spanish banking facilities would need to be renegotiated.

Heron is due to pay £16.4m of interest on its senior bonds, which were issued as part of the refinancing, and a further £16.5m of a new money facility, on March 31. It is seeking to delay payments until June 30. It said it was negotiating property sales which should enable it to pay by then.

Part of the problem lies in Heron's complex structure. While much of the group's debt is owed by the head office company, many of its assets are held by subsidiaries. Proceeds from asset sales by these subsidiaries, notably Heron Corporation, cannot be passed up to the head office company until all their debts are repaid.

Heron International has raised £200m through asset sales and has a further £75m due to complete by the end of March. However, most of this is from disposals from Heron Corporation. Heron International had been making interest payments early as asset sales came through.

At the time of the restructuring some lenders believed it to be flawed. They thought there was "a fairly high probability of default" because it would have taken a rise in property values even to service the senior debt.

Bondholders are to meet on March 31 to consider the interest delays. An explanatory memorandum will be issued to bondholders before then.

Names change problems remain

Michael Skapinker analyses Ladbroke's 1993 performance

The traditionally secretive Ladbroke Group held its first ever press conference yesterday. The projector that was used to show slides of the company's 1993 performance was clearly so unaccustomed to the task that it froze.

A promise of greater openness from the new management, headed by Mr John Jackson, chairman, and Mr Peter George, chief executive, had helped push the shares of the hotel, betting and DIY group up 29 per cent since the new year.

Yesterday, the glow that has surrounded Ladbroke since the departure at the beginning of the year of Mr Cyril Stein, its founder, began to fade.

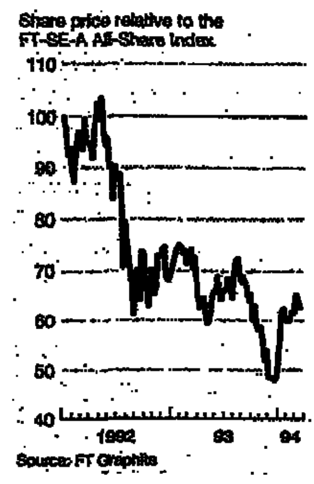
The announcement of full-year pre-tax profits of £62.1m after exceptional items, compared with a restated £5.2m in 1992, led to a further initial rise in the shares. But they then fell to close down 10p at 199p as the *realisation* set in that while the names at the top might be different, several of Ladbroke's problems remain.

Recovery in the Hilton International hotel subsidiary was proving slow and the Texas Homecare retail chain is beset with problems. Rumours that Ladbroke had found a buyer for Texas proved unfounded. Mr Jackson said Ladbroke remained committed to Texas for the long term. The impact of the National Lottery on Ladbroke's Vernons football pools business is still uncertain.

Mr Jackson and Mr George are thoroughly familiar with

Ladbroke Group

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

the group's difficulties and opportunities. Mr Jackson has been a non-executive director since 1980 and Mr George has been with the group for 30 years.

What has changed is that both now have the opportunity to run the group in a way that Mr Stein, suspicious of scrutiny from outsiders, would never permit. Mr Jackson yesterday said the board would answer any questions put to them. He was true to his word.

Mr George's public confidence has grown since his appointment was announced last September. Then, Mr George, whose lanky frame gives him the appearance of a gawky schoolboy, seemed overawed at the responsibility he had inherited. Yesterday, he gave every indication of having mastered his brief.

He now has to restore the group's businesses to health. The only sector to show a substantial improvement was betting and gaming, where operating profits before exceptionals rose from £68m to £86.1m.

The UK betting shops benefited from summer evening opening. The group has also begun testing terminals which allow bets to be placed without having to go up to the counter, as well as a computer system which allows customers to see simulated races.

Prospects for the pools business are clouded by the National Lottery. Ladbroke is an investor in Games for Good Causes, one of the bidders to be lottery operator. Mr George has placed a bet at William Hill, one of his rivals, that his consortium will win. He thinks the odds of 16-1 understate *Ladbroke's* chances, but accepts that its consortium is not the favourite.

Mr George argues the lottery will not have an immediate effect on the habits of traditional pools customers. Standing orders accounted for 39 per cent of stakes last year. Mr George believes these customers are more likely to remain loyal.

"The pools are such a habit. People have been doing it for so long and 95 per cent do the same numbers every week. There's a tremendous fear that the day you stop is the day your numbers come up."

He sees younger people who have not begun filling in pools coupons as a more serious problem. They might prefer to buy lottery tickets instead.

Hilton International's operating profits slipped from £119.5m to £117.7m. Hotels in London, Hong Kong, Shanghai, the Americas and the Caribbean performed well. Continental Europe, however, is struggling through recession, hotels in Japan were hit by the fall in corporate spending, Australia shows few signs of improvement and business in Egypt has been damaged by fundamentalist terrorism.

Nevertheless, Mr George argues that Hilton is the sort of brand that will benefit from worldwide recovery. It is in the four to five star category, cheaper than the luxury hotel market, and suitable for cost-cutting business travellers.

Texas profits were £7.8m, compared with £43.6m. Mr John Coleman, appointed Texas chief executive last September, has to deal with the previous management's practice of assuming they would receive rebates from suppliers for buying quantities of goods they were unable to sell.

The lines stocked by Texas are being cut by a quarter and the number of suppliers is being reduced. But competition is fierce and Mr George admits that service standards require substantial improvement.

Despite the group's protestations that it has a long-term commitment to Texas, it is difficult to believe that Ladbroke would not have sold if anyone had been prepared to pay for it.

Flotation price of 140p puts £193m tag on MIN

By Peggy Hollinger

Midland Independent Newspapers, the regional newspaper group which publishes the Birmingham Post, set its flotation price at 140p yesterday, giving a market value slightly below expectations of £193m.

About 57 per cent of the company, or 77.9m shares, is being sold, of which 50.7m are being placed with institutions. A further 27.3m shares are being offered to the public.

The net proceeds of £96m will be used to reduce borrowings of £139m, leaving gearing at 40 per cent. MIN incurred substantial debt to fund the £125m management buy-out from Mr Ralph Ingersoll, the US publisher, in 1991.

The group is coming to the market on a historic p/e multiple of 19.5, based on pro forma pre-tax profits of £11.6m. This is a substantial discount to the sector average of 29.9 times and the similar multiples of more comparable regional newspaper groups such as Trinity International and Johnston Press. It is also lower than the expected multiple of 21.

The yield is 2.5 per cent on an indicated dividend of 2.8p.

Mr Christopher Oakley, chief executive, said he was confident MIN would show good growth as a quoted company on the back of margin improvements and an upturn in advertising revenues. "Our improvement will not just be related to the economy," he said.

MIN had made several acquisitions last year with lower than desired margins which had yet to contribute a full year's profit. The group was also developing links with cable companies to recycle information gathered through the newspapers for a local television audience.

MIN's leaflet operation – which provides direct marketing services to advertisers – was growing rapidly, said Mr Oakley.

● COMMENT

MIN has been attractively priced, particularly in light of its exposure to classified and recruitment advertising. It would also appear to be well managed, having improved margins from 9 to more than 20 per cent during a savage recession. Longer-term, however, there may be questions about the regional newspaper market in general. This has seen a steady decline in its share of advertising in recent years, in favour of other mediums such as radio and cable. MIN's potential further out may depend in part on changes to policy on media ownership – for example, allowing regional newspapers to own local radio stations. Until then, there appears to be considerable upside on the prospective p/e of 17.5 and pro forma forecasts of £17m pre-tax.

Epwin rises 51% and 'committed to expansion'

By Peter Pearse

With good progress in all but the public sector contracting side of its business, Epwin Group, the maker of PVC-u windows and doors, lifted pre-tax profits by 51 per cent in 1993 to £4.68m. The shares responded with a 17p rise to 317p.

Furthermore, Mr Jim Rawson, chairman and managing director, said that the group was committed to expansion by acquisition. It could, and would, grow organically within its core windows and doors product area, but he said that was not "exciting" enough for the management below board level, and the shareholders.

He said the board was looking for product areas like garage doors, porches and shower screens – "products not outside the markets we understand". Mr John Townsend, finance director, said the group was in a strong financial position, having done well through the recession, and would have no difficulty raising funds. He added the group would be happy to be 50 per cent geared.

Turnover advanced 18 per cent to £50.9m (£43m). "By selling aggressively, we have gained market share," Mr Townsend said.

The two-year £10m capital expenditure was now complete, though a further £4m will be invested this year.

Earnings emerged at 15.17p (11.84p) per share and a proposed final dividend of 5.2p makes a total 7.5p (6.8p), up 10 per cent.

QMH shareholder loses attempt to delay EGM

By Maggie Urry

The High Court yesterday turned down an attempt by a Queens Moat Houses shareholder to obtain an injunction delaying next Tuesday's extraordinary meeting.

The meeting was called to confirm the hotel group's £2bn borrowing limit and was needed to rectify mistakes at previous annual meetings when one class of shareholder was not allowed to vote on some resolutions.

Mr Dennis Woodhams, one of the leaders of the QMH shareholders' action group, had applied for the injunction. It would have delayed the EGM until the planned meeting when the group's refinancing proposals are put to shareholders. No date has yet been set for this meeting.

The court turned down the application and ordered Mr Woodhams to pay QMH's costs.

One of the resolutions put down for next week's meeting releases the present directors from any liability in respect of the failure to give votes to the class of shareholders. The mistakes date back to 1989; the current directors were all appointed in the last year.

Mr John Bairstow, former chairman, yesterday said the question of releasing directors from liability should be discussed separately at the meeting.

He also questioned why the release only covered present directors, which would exclude himself. QMH said it did not need to apply to former directors as the accounts were adopted in September when the new board was in place.

In another move, Credit Suisse, the Swiss bank which was originally one of QMH's lenders, countered reports of a row between it and other creditors following the sale of its £25m exposure to QMH. Credit Suisse is believed to have sold the debt at 17 per cent of face value.

It said it had kept other banks and the authorities informed of its decision to sell last December.

Baltic returns to the black with £4.38m

By Simon Davies

Baltic, the specialist finance company, yesterday announced its return to the black in 1993, with pre-tax profits of £4.38m, compared with losses of £6.55m last time.

At the year end, the company had net cash and investments of £26m and a net asset value per share of 132p.

The turn-around was primarily the result of asset disposals, declining interest rates, and a fall in provisions. Profits included a £1.54m charge against bad and doubtful debts, compared with £11.1m in 1992.

The lending portfolio was further reduced with advances, instalment loans and finance leases amounting to only £37.4m at the year end, compared with £90m a year earlier, and £200m at the end of 1991.

With its lending activity declining, interest payments and similar charges fell from £11.9m to £534,000.

The company substantially cut back on leasing business during the year, through the sale of two asset leasing subsidiaries for a total of £22.2m.

It subsequently invested £7.5m in a tender offer for 15 per cent of its ordinary shares and 14.5 per cent of its convertible preference shares, capitalising on their discount to net asset value.

Fully diluted earnings per share were 8p, against losses of 16.9p.

A recommended final dividend of 1p makes a total of 1.5p, a 50 per cent increase.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AB Ports	fin	5.8†	-	5.25	9.3	8.5
Ardagh	int	0.76‡	Apr 14	0.725	-	3.265
Baltic	fin	1	Apr 30	0.5	1.5	1
Bensons Crisps	fin	2.15†	May 5	2.15	2.85	2.85
Epwin	fin	5.2	July 1	4.7	7.5	6.8
Galliford	int	0.5	Apr 5	0.5	-	1
Inishtech	fin	5.5‡	July 29	6.05	8	6.05
Ladbroke	fin	1.08	June 1	6.23	6	11.15
Life Sciences	fin	2.5†	May 20	2.35	3.9	3.55
Linx Printing	int	0.25	Apr 18	0.35♠	-	2.08
Murray Intl	fin	3.5	May 24	3.5	11.6	11.4
PizzaExpress	int	0.5♥	Apr 21	-	-	0.5
Record	fin	2.45	July 1	2.45	3.6	3.6
Renishaw	int	2.5	Apr 25	2.5	-	6.5
Rhino §	fin	0.5	July 15	-	0.5	-
Wyevale Garden	fin	1.65†	Apr 22	1.52	4.4	4
Zeneca	fin	17	May 5	-	27.5	-

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♠Covers 10 week period; equivalent to 0.87p for full six months. ♥Second interim making 1p to date. ‡Irish pence.

COMPANY NEWS: UK

Lower interest cuts Renishaw to £2.81m

By David Blackwell

In spite of a 30 per cent fall in sales to Germany and Japan, Renishaw, the specialist measuring equipment group, reported only a slight decline in pre-tax profits from £3.07m to £2.81m for the six months to end-December.

The shares were marked down 20p to 275p.

After an exceptional charge of £183,000 for restructuring costs, profits were ahead 11 per cent from £2.01m to £2.24m. Net interest receivable fell from £1.06m to £573,000, reflecting lower interest rates.

Total sales edged ahead from £22m to £23.3m; but ignoring currency distortions, sales were flat.

Mr Alan Roberts, finance director, said the sales declines in Germany and Japan had been offset by an increase of 15 per cent in sales to the US, the single biggest market accounting for up to 40 per cent of group sales. Sales in the UK were ahead 20 per cent, and sales in east Asia were improving.

Sales of the group's new scanning devices and Raman imaging microscopes were doing well.

Mr David McMurtry, chairman, said the group was continuing to keep the pressure on costs while increasing investment in new products and longer-term marketing.

The group has invested almost £1.5m in a new manufacturing facility, which should be fully on stream at the end of the month. It will both increase capacity and improve efficiency.

New sales offices are being opened in Singapore and Beijing.

Mr McMurtry said the start of this year had seen increased sales and orders, which would "contribute significantly" to the second half.

Earnings per share fell from 4.4p to 4p. The interim dividend is maintained at 2.5p.

Progress at AB Ports' scheme

Sir Keith Stuart, chairman of Associated British Ports, at the company's most important property investment project, Capital Waterside at Cardiff, part of the redevelopment of Cardiff Bay.

The chairman said the scheme was making excellent progress. In the autumn of 1993, the Welsh Health Common Services Authority took occupation of Crickhowell House, their new 150,000 sq ft offices, and work was also well under way on 119,000 sq ft offices for NCM Credit Insurance on an adjacent site. Sir Keith said all sectors of ABP's business had done well: "The prospects are now set fair for us to perform well on a sustained basis in the years ahead."

Enlarged Rhino advances to £2m

By Paul Taylor

Rhino Group, the fast-growing USM-quoted specialist video and computer games retailer, yesterday reported a sharp increase in full year profits boosted by acquisitions and strong organic growth.

Pre-tax profits for the group, which acquired 30 Virgin Games Stores for £12.5m from Richard Branson's Virgin Group and WH Smith in November and now has 77 stores in the UK and Ireland, jumped to £2.03m in 1993 from just £154,000 last time, on sales of £21.7m (£4.81m).

Basic earnings per share increased to 2.49p (0.39p), equivalent to 2.33p on a fully diluted basis, and an initial 0.5p final dividend is proposed.

The Virgin Games Stores deal, funded through a 5-for-9 rights issue priced at 44p, has enabled the group to accelerate its own development plans which set a target of 130 stores in three years.

Commenting on the outlook Mr Bev Ripley, chairman, said: "Our plan is well under way to open a further 40 Future Zone stores in 1994. The board is confident we will have another excellent trading year".

Last year the group pursued an aggressive opening programme increasing the number of Future Zone stores from 5 at the start of 1993 to 47 stores by Christmas.

Despite gloomy comments from some high street traders about video game sales in the run-up to Christmas, Mr Ripley said Future Zone's like-for-like sales were up about 20 per cent. He said there has been a substantial shift in market share away from non-specialist retailers to Future Zone and other specialists, "who have increasing competitive advantages as the product range becomes more complex".

After climbing to a peak of 67p in December, Rhino's shares had slipped back to trade under 40p in recent weeks. Yesterday they closed up 5p at 43p.

Wyevale grows 26% to £4.5m

By Simon Davies

Wyevale Garden Centres, the UK's largest garden centre group, yesterday announced a 26 per cent increase, from £3.54m to £4.45m, in pre-tax profits for the 1993 year, aided by lower interest payments and a gradual increase in consumer spending.

Sales expanded by 6 per cent to £36.6m (£34.6m), boosted by a 2.5 per cent increase in customers numbers.

The results were in line with forecasts, but the share price fell 4p to 180p.

Following a successful £10.9m rights issue in November, gearing has been reduced from 36 per cent to 4 per cent; the company is now looking to enlarge its sales network.

Mr Brian Evans, chief executive, said: "We want to expand the number of outlets and improve on current sites." The company has invested £1.2m in acquiring the 10 acre Challis Garden Centre in York, and is looking for other similar opportunities, in addition to expanding and refurbishing existing centres.

Interest payments fell from £1.42m to £961,000 as a result of declining interest rates and improving cash balances. Following the rights issue, Wyevale had money market deposits of £5.5m at the year end and Mr Evans said acquisitions would be funded from internal resources.

Earnings per share were 9.7p (7.8p). A proposed final dividend of 1.65p brings the total to 4.4p, a 10 per cent rise.

Wyevale also announced that Mr John Rudgard, group managing director of HP Bulmer, will join its board as a non-executive director.

PizzaExpress surges to £3m

By Tim Burt

Asset disposals and Britain's growing appetite for fast food fuelled a surge in profits at PizzaExpress, the restaurant group which came to the market last year.

Pre-tax profits in the six months to December 31 were £3.1m on turnover of £13.6m. The comparable profits of £55,000 on turnover of £3.8m related solely to trading by Star Computer, the group's reverse takeover vehicle.

Mr Glen Tomlinson, finance director, said profits at PizzaExpress had been boosted by £1.14m from the disposal of the computer business last autumn. After accounting for an interim operating loss of £285,000, funds received were £858,000.

Mr Tomlinson added that profits of £2.1m on continuing catering operations represented a significant improvement, although no comparable interim figures were available.

Turnover in the 32 wholly-owned restaurants increased 17 per cent. Sales by the 39 franchised outlets increased 11 per cent, while turnover by the wholesale division rose 7 per cent.

As part of a strategy to increase the number of wholly owned restaurants, the company said it planned to open four new outlets by June this year at a total cost of up to £1m.

Earnings per share came out at 2.9p (0.8p) and it is to pay a second interim dividend of 0.5p. An initial interim of 0.5p was announced last September in lieu of a final payment.

NEWS DIGEST

Exports help Record to £2.4m

Helped by improved exports, Record Holdings achieved a jump in pre-tax profits from £1.09m to £2.41m in 1993.

The Sheffield-based toolmaker attributed the rise to an improvement in overall efficiency, improved prices and the absence of any large reorganisation costs.

Turnover rose from £28.5m to £29.4m. There was a 6 per cent fall in the home market but exports advanced 15 per cent to £14.4m (£12.5m). Sales in the US rose by 56 per cent.

Earnings were 4.5p (1.7p). The dividend is held at 3.6p including a 2.45p final.

The shares rose 12p to 93p.

Nu-Swift scheme sanctioned

The High Court has sanctioned the scheme under which Nu-Swift, the fire protection and property group, is being taken private.

The company will become a wholly owned subsidiary of Euro Fire Security, a private company owned by Mr Jacques Murray, its chairman.

Under the scheme Euro Fire is offering 398p cash for each Nu-Swift share, valuing the issued capital at £147.2m. The scheme is expected to take effect today.

Nu-Swift's shares will be cancelled, and the Stock Exchange will be asked to cancel permission to deal in the shares on the USM. The shares have not been traded since June, when news emerged of the plan to take the company private.

Paramount edges ahead to £273,000

Paramount, the USM-quoted licensed premises operator, announced pre-tax profits just ahead from £261,000 to £273,000 for the six months to November 30.

The outcome was helped by increased profit from associated undertakings and reduced interest payable.

Turnover improved to £13.6m (£12m). Earnings per share worked through at 0.41p (0.33p) basic and 0.32p (0.25p) fully diluted.

Graham open offer subscribed 1.5 times

Some investors in Graham Group, the builders' merchant which comes to the market this month with a value of £210m, will receive only half the number of shares for which they applied in the open offer.

The group announced yesterday that the offer had been subscribed 1.5 times, with applications for 58.8m shares, or 51 per cent of the total issued.

However, some 74.5m of the 114.6m new shares had already been placed with institutions and only 40.1m were available for the public offer.

Investors seeking more than 200,000 shares will receive 50 per cent of their application. Those seeking between 200 and 2,000 will be satisfied in full, while investors wanting a greater amount will receive between 85 per cent and 66.7 per cent of their applications.

Harlow Chemical in £8m acquisition

Harlow Chemical, the synthetic resins and emulsions maker jointly owned by Yule Catto, the chemicals and building products group, and Hoechst of Germany, has acquired Viking Polymers for £8m.

Viking, based in Batley, Yorkshire, makes a wide range of synthetic resin dispersions for the paint and allied industries in the UK, continental Europe and the Middle East.

Ardagh at I£2.24m in difficult markets

Ardagh, the Dublin-based glass products manufacturer, reported pre-tax profits of I£2.24m (£2.14m) for the 26 weeks to December 28, against I£898,000 struck after rationalisation costs of I£1.17m.

The company said the result was satisfactory in difficult trading.

Turnover increased from I£16.6m to I£17.4m.

Interest received fell to I£242,000 (I£592,000) resulting from lower interest rates after the devaluation of the punt.

Earnings per share were 5.79p (2.05p) and the interim dividend rises to 0.76p (0.725p).

AAH acquires Peak Systems

AAH, the pharmaceuticals distribution group, has expanded via the acquisition of Peak Systems and two associated companies.

Peak, a supplier of computer systems to community care providers, will operate as a business unit within AAH Medital, which supplies computer systems to general practitioners.

The initial consideration of £1.1m has been paid in cash. Further amounts not exceeding £1.4m may be payable depending on future profits.

Life Sciences disappoints with 12% rise

By David Wighton

Life Sciences International, the laboratory equipment company headed by LWT chairman Sir Christopher Bland, disappointed the City yesterday with a 12 per cent increase in pre-tax profits to £23m for 1993. Analysts had been expecting nearer £26m and the shares fell 15p to 140p.

Excluding acquisitions, profits were down 11 per cent, the first fall since the current management team was brought in by Robert Fleming, the merchant bank, almost seven years ago.

Sir Christopher, who described the setback as "more of a belch than a hiccup" said the company now had "a lot to prove".

"1993 was the year in which the continuing worldwide recession had a significant impact on the laboratory equipment markets, which up to that point had appeared relatively recession-resistant."

He said the US market grew broadly in line with inflation but that France, Germany, Italy and Canada were all "very disappointing". The UK was the only "robust" market. Earnings per share rose by just 3 per cent to 9.4p (9.1p) but the dividend is up 10 per cent to 3.9p (3.55p) via a proposed final of 2.5p (2.35p).

Sales from continuing operations rose 16 per cent to £129m but excluding the translation effect of the stronger dollar growth slowed to just 3 per cent. Trading profits from continuing operations fell from £19.6m to £17.5m, after a 25 per cent drop in the second half.

Profits were hit by £1.6m of provisions covering settlement of a longstanding lawsuit and write-downs on the value of demonstration equipment in the US. Sir Christopher said that management had taken steps to improve financial controls, particularly in the US.

Acquisitions during the year contributed trading profits of £6.16m on sales of £25.5m. Most of this related to Labsystems, the Finnish pipette maker acquired for £33.5m in June.

Sir Christopher said that despite the setback the acquisition of Labsystems had made management "more confident about our position in the market than at any time in the past". Labsystems brought the group a strong presence in continental Europe, the former eastern bloc and Japan.

● **COMMENT**

Shareholders in Life Sciences, Sir Christopher Bland's other company, have done rather less well than investors in LWT. While LWT shares have provided a compound annual rate of return of more than 60 per cent over the past four years Life Sciences' have offered little more than 10 per cent. Over the past two years the shares have lagged the market by about 40 per cent and yesterday's figures justified investors' caution. The top management was clearly surprised by the impact of recession on the Continent and must also take some of the blame for lax financial controls in the US, though Labsystems looks an increasingly good acquisition. The current year has started well and assuming profits of about £28m the rating drops to just 13. But, as Sir Christopher admits, the company now has a lot to prove.

BBA sells plastics offshoots for £25m

By Tim Burt

BBA, the engineering and motor components group, yesterday embarked on the first stage of a wide-ranging disposal programme with the sale of three engineering businesses to United Industries, the precision tools and springs manufacturer.

The move follows the group's decision to focus on four core businesses and sell up to 12 subsidiaries with a combined turnover of £200m.

United, in which BBA holds a 21.23 per cent stake, has agreed to pay £25m cash for Holden Hydroman, Perplas and Railko – all manufacturers of plastic and polyurethane components.

The Leicester-based group said the acquisitions, funded by a £26m placing and open offer, would transform it from a small specialist company with a market capitalisation of £6m into an operation worth more than £40m.

Mr Tom Brown, United's chief executive, confirmed that BBA would be taking part in the 1-for-5 offer – involving a total of 186m new ordinary shares at 15p each – to maintain its existing stake.

"This is a mutually beneficial deal to both companies. It allows us to grow and BBA to refocus," said Mr Brown.

BBA, which is expected to report annual profits before tax and exceptional items of about £54m (£47.4m) next Monday, also welcomed the transaction.

Mr Roberto Quarta, chief executive, said the group intended to concentrate of improving profitability of its automotive, industrial and aviation operations.

The former BBA companies, which made a combined operating profit of £2.86m (£828,000) in 1993, are expected to bolster profits at United, which admitted that it had been struggling to overcome the effects of recession.

United incurred a pre-tax loss of £1.5m on sales of £19.2m in the nine months to December 31 last year, against a deficit of £3.63m on sales of £29.6m in the 12 months to April 3.

United warned that it would not be paying a final dividend for the second successive year.

Irish union opposed to C&W telecom bid

By Tim Coone in Dublin and Andrew Adonis in London

The bid by Cable and Wireless, the UK telecommunications group, to form an alliance with Telecom Éireann, the Irish state operator, faces stiff opposition from Ireland's communications workers' union.

But pressure on Telecom Eireann to conclude a deal with C&W appears set to increase as its domestic monopoly comes under further assault from new operators targeting the lucrative Dublin business market.

Mr David Begg, general secretary of the CWU, said yesterday that his union would fight the creation of any joint venture between TE and C&W. "All the information we have about C&W is very negative: they are very anti-union; their commercial focus is to develop the Asia-Pacific market, and this does not suggest a level of commitment to Telecom Eireann," he said.

C&W's bid, believed to be worth up to I£500m (£480m), is for a joint venture with TE, the core of which would be TE's existing international traffic.

The government insisted yesterday it would not be party to the privatisation of TE. A spokesman for Mr Dick Spring, the deputy prime minister and Labour party leader, said "The government ... is considering strategic alliances but no decision will be made until there is full consultation with the unions".

Mr Begg said that the CWU was "not opposed in principle" to strategic alliances being formed with other telecommunications companies, but was "deeply concerned" if this involved the "siphoning off" of the most profitable parts of TE's business.

However, TE already faces acute pressure on its international business from companies – including Cable and Wireless – offering large Dublin businesses leased lines for international traffic priced below TE's international tariffs.

The latest entrant to the market is E-Sat, a private Irish company, which last month launched an international leased-line business in alliance with Sprint, the US long-distance carrier.

E-Sat, which already has 10 customers, is pitching at companies spending more than £3,000 a month on international telecoms. It claims its charges are between 10 and 30 per cent cheaper than those charged by TE.

The EU's telecommunications services directive obliges state companies to make leased lines available to companies wishing to re-sell them, providing they are not used to carry traffic originating on the public network.

Mr Douglas Goldschmidt, E-Sat's chief executive, said: "TE already faces stiff competition in its home market: it cannot shield behind its monopoly for much longer."

In a bid to stem the loss of international traffic, TE sharply reduced its international tariffs last September, increasing local charges.

But it is still struggling with a high cost base. According to a recent survey by Lehman Brothers, TE has lower labour productivity than any other national telecoms company in the EU, with more than twice as many employees per line as the Netherlands and France.

Galliford slips to £267,000

Pre-tax profits at Galliford, the Midlands-based contractor and housebuilder, slipped further from £327,000 to £267,000 during the six months to end-December.

The decline was in spite of a 42 per cent profits rise to £1.3m from private housebuilding and a return to the black by the merchanting division.

The company said that contracting operations continued to face strong competition for work and had incurred a loss during the first half.

Mr Richard Miles, chairman, said: "The board expects the second half to continue to be difficult."

Turnover of continuing operations fell from £109.3m to £102.5m. Earnings per share dipped from 0.27p to 0.2p leaving the interim dividend, unchanged at 0.5p, uncovered, requiring a £265,000 transfer from reserves.

Triplex buys John Williams

Triplex Lloyd, the West Midlands-based industrial engineering group, is expanding its automotive castings activities through the purchase of John Williams Foundry from the receiver for £2.6m cash, equal to net asset value.

Cardiff-based Williams is a specialist alloy iron foundry and a leading manufacturer of turbocharger housings.

Mr Colin Cooke, Triplex chairman, said: "Our automotive division is now well-equipped to take full benefit from the growth in the turbocharger market both in the UK and overseas."

The increase in working capital is anticipated to be some £1m over the next three months as the administration is unwound. Triplex plans to invest £500,000 to "ensure the foundry is adequately equipped."

Titaghur losses up to £2.14m

By David Blackwell

The accumulated deficit at Titaghur, owner of six jute mills in Calcutta, rose to more than £63m following an interim loss of £2.14m on turnover of £15m for the six months to September 30. The comparable figures were losses of £426,000 on turnover of £12.1m.

Mr Reg Brealey, chairman, referred in his statement to the same adverse trading conditions that hit the full-year results, announced in January. He blamed "a shortage of raw materials and a massive increase in their cost over the harvest purchase price".

He does not envisage any significant improvement in the second half. However, he sees the benefits of recent negotiations with trade unions and Indian authorities coming through in the year to end-March 1995.

Gecas chief resigns to form new company

By Tim Coone in Dublin

Mr Colm Barrington, president and managing director of GE Capital Aviation Services, has announced his resignation from the company to form his own Dublin-based aircraft management company.

Mr Barrington said that he plans to merge his new company "with a major international investment company" which will provide the finance for a new fleet of aircraft, which will then be leased.

He said that he had been considering his move for some time, and had an agreement with Gecas that he would review his position after four months. Mr Herb Depp was recently appointed worldwide chief executive of Gecas.

Gecas was set up in November last year as a wholly owned subsidiary of GE Capital Services, following the restructuring of GPA, the Shannon-based aircraft leasing company.

GPA had run into serious financial difficulties following its aborted 1992 flotation. Under the restructuring deal, Gecas acquired 44 aircraft from GPA for $1.35bn (£920m), while the remaining 420 aircraft in the GPA fleet – still owned by GPA – came under Gecas management.

GPA yesterday announced a third-quarter loss of $18.2m, making total losses of $48.6m for the nine months to December 31. The company reported outstanding debts of $5.8bn and a net worth of $195m.

Mr Barrington joined GPA in 1981 and had been a key figure in arranging the finance for the fleet during its rapid expansion. He also developed GPA's aircraft securitisation programmes which contributed $1.5bn in revenues to GPA. In 1992 he was also appointed GPA's chief operations officer.

Inishtech up 11% to I£8m

A strong second half helped Inishtech, the Dublin-based maker of disposable hygiene and protective packaging and self adhesive labels, lift pre-tax profits 11 per cent to I£8.1m (£7.8m) in 1993. Profits in 1992 were I£7.28m.

Sales improved from I£52.7m to I£60.3m. After tax of I£1.59m (I£1.2m) and a I£661,000 (I£713,000) charge for goodwill amortisation, earnings per share amounted to 35.6p (32.8p). Adjusted earnings were 39.6p (37.1p).

At the interim stage the directors indicated they would recommend a final dividend of 4.75p. However, in light of the improved trading conditions they are now recommending a final of 5.5p, making a total of 8p (6.05p).

Wills acquisitions and placing

Wills Group, a maker of high-specification engineering products, is buying Algo, a distributor of high pressure valves, for an initial £5m.

The consideration will be satisfied by the issue of 18.2m new shares, of which 2.18m will be retained by Algo's vendors.

Deferred consideration of up to £1.2m is profit-related.

Wills also plans to raise about £2.05m before expenses, through an institutional placing of 7.47m new shares at 27¼p apiece through Greig Middleton.

It is also placing, at the same price, 16m of the shares issued in connection with the Algo acquisition.

At the same time Wills announced the acquisition of a 73 per cent stake in Comint, a Spanish representative for overseas makers of engineering products, for up to Pta210m (£1m).

These purchases follow the recent acquisitions of SI Industries, a maker of beer cooling equipment, acquired from the administrative receivers for £650,000 cash, and Cellar Services Technology, a designer and seller of dispense equipment, acquired for £60,000 cash.

Anglo American Industrial Corporation Limited

AMIC

Abridged Statement by the Chairman Mr Leslie Boyd, results and notice of ordinary dividend for the year ended December 31 1993

Although 1993 brought little general improvement in trading conditions in South Africa and internationally, AMIC achieved a significant increase in earnings, thereby reversing a three-year decline. Earnings rose by 23 per cent to R436 million, and by 48 per cent to R526 million if abnormal credits arising from the release of deferred tax are included. Reflecting the greater number of shares in issue, earnings per share increased by 19 per cent to 739 cents, excluding the tax release, and by 44 per cent to 891 cents including it.

Group Developments

We have made good progress towards the objectives set by our business review, namely enhanced financial efficiency, the consolidation of certain industrial interests, and diversification designed to diminish the impact on our results of the commodity cycle.

Group capital expenditure for the year was R876 million, of which R688 million related to expansion projects and the balance to replacement of assets. By the year-end the debt/equity ratio had increased slightly to 17 per cent (1992 – 12 per cent); such low gearing gives us adequate scope to fund known commitments and such new opportunities as may occur.

Economic Recovery

The recovery already underway, supported by what promises to be an exceptionally favourable agricultural season, has the potential to accelerate appreciably in 1994, with GDP growing perhaps by as much as four per cent. However, with global recovery overall likely to remain restrained, the industries most dependent on external markets can hardly expect more than a moderate improvement in prospects. South Africa's own growth will therefore differ in character from the norm, where the upturn typically has been preceded by a sharp rise in exports, responding to the buoyancy of world trade. On this occasion the quickening in domestic activity is likely to be led by rising private and public investment spending. Imports in due course will rise too, so reinforcing the need for prudence in monetary policy and careful husbanding of the gold and foreign exchange reserves, which have now shrunk to the equivalent of only six weeks of imports, despite the $850 million loan from the International Monetary Fund.

The key to ensuring that recovery can be sustained thus lies in maintaining an economic environment conducive to private fixed investment on a substantial scale. The abolition of sanctions and our new political acceptability are simply prerequisite to that objective – they do nothing to generate investment in themselves. Politicians, businessmen and trade unions have a common concern that South Africa should be not only democratic but prosperous. In the long run politics is the handmaiden of economics – it is not the other way round. The way ahead therefore lies in building on the progress the country has made in its economic management over recent years, and in finding ways of rectifying the injustices of the past without resort to over-ambitious policies that in time will inevitably abort growth, prosperity and, finally, democracy itself.

The Future

The practice of extending the policy-making process through fora representative of the interests concerned has been of considerable value at this transitional stage of our affairs – notwithstanding the consequential delays – because it has broadened the acceptability of the decisions taken. In the new South Africa, however, consensus ought not to be pursued to the point where it could enfeeble policy and action. Government must govern in the knowledge that the right decisions are not necessarily popular in the short term.

As far as AMIC is concerned, the gradual improvement in trading conditions during 1993 has continued into the first quarter and we expect it to strengthen through the remainder of the year. All our subsidiaries and associates are budgeting for increased earnings. Subject only to the risk of politically related disruption, I am therefore confident that AMIC will achieve a further material improvement in its results in 1994.

4 March 1994

Results

Income Statement	1993 R million	1992 R million
Turnover	8 789	6 782
Earnings from operations and investments	439	256
Share of earnings of associated companies	209	210
Dividends	89	96
Retained earnings	120	114
Interest earned	75	89
Income before interest and taxation	723	555
Interest paid	76	85
Earnings before taxation	647	470
Taxation	78	—
- Current	98	45
- Deferred	(27)	(45)
- STC	7	—
Earnings after taxation	569	470
	133	116
Earnings attributable to outside shareholders	92	60
Preference dividends	41	56
Earnings before abnormal credit	436	354
Abnormal credit	90	—
Adjustment to deferred tax arising from the reduction in the tax rate	135	—
Less minorities' share	(45)	—
Earnings attributable to ordinary shareholders	526	354
Extraordinary items	9	18
Earnings available for distribution	517	336
Dividends - ordinary and preference	(235)	(200)
Capitalisation issue - 1992 final dividend	69	—
Earnings retained	351	136
Number of ordinary shares in issue (000)	59 727	57 410
Earnings per ordinary share (after abnormal credit)* – cents	891	621
Dividends per ordinary share – cents	375	350
Interim	110	110
Final	265	240

*Based on the weighted average number of 59 029 301 ordinary shares in issue for the year

Capitalisation Share Award and Right of Election to receive instead a Final Dividend

The Directors have resolved to award capitalisation shares to ordinary shareholders registered in the books of Amic at the close of business on Friday, 18 March 1994 ("the record date"). The terms of the capitalisation award will be published on Monday, 14 March 1994. Shareholders may in respect of all or part of their shareholding elect to receive instead a final dividend of 265 cents per ordinary share in respect of the year ended 31 December 1993 ("the election"). The dividend, which may be received, together with the interim of 110 cents, brings the total to 375 cents. The new ordinary shares to be issued pursuant to the capitalisation award will be issued as fully paid up by way of capitalisation of part of Amic's distributable reserves.

Documentation dealing with the capitalisation award and the election will be posted to shareholders on Friday, 25 March 1994. In order to be valid, completed election forms will need to be received by the company's transfer secretaries by no later than 12h00 on Friday, 15 April 1994. Should such election forms not be received by such date, Amic will automatically issue capitalisation shares to all relevant shareholders concerned. Application will be made to The Johannesburg Stock Exchange and The London Stock Exchange for the capitalisation shares to be listed with effect from the commencement of business on Friday, 29 April 1994.

Shareholders are advised that the share registers will be closed from Saturday, 19 March 1994 to Friday, 15 April 1994, both days inclusive.

The right to elect to receive a dividend is not available to shareholders in any jurisdiction in which it is illegal to grant the same.

Announcement of basis of capitalisation award	Monday, 14 March
Last day to register for award of capitalisation shares and right of election to receive instead of final dividend	Friday, 18 March
Registers closed from	Saturday, 19 March
to (inclusive)	Friday, 15 April
Shares listed ex the award of capitalisation shares and ex the final dividend on The Johannesburg Stock Exchange and on The London Stock Exchange	Monday, 21 March
Circular and form of election posted to shareholders	Friday, 25 March
Last day to make the election for a final dividend instead of the award of capitalisation shares (by 12h00 local time in Johannesburg and London) with no late forms of election being accepted	Friday, 15 April
Share certificates and/or dividend cheques posted	Thursday, 28 April
Dividend payment made. Listing of capitalisation shares commences on The Johannesburg Stock Exchange and The London Stock Exchange	Friday, 29 April

By order of the board
Anglo American Corporation of South Africa Limited
Secretaries

per: A V Waterston
Divisional Secretary

4 March 1994

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Barclays Registrars
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England

aac

WEST RAND CONSOLIDATED MINES LIMITED
(Company Registration No. 01/01978/06)
(Incorporated in the Republic of South Africa)

Cautionary announcement

Further to the previous announcements in this regard, shareholders are advised that negotiations which could affect the share price are still in progress, and until a further announcement is made shareholders are advised to continue to exercise caution in dealing in their shares.

Johannesburg
4 March 1994

COMPANY NEWS: UK

Gambling with a cool hand

Paul Abrahams on ICI's foray into the Japanese chemical market

When Mr Ronnie Hampel, chief executive of Imperial Chemical Industries, opens a new plant this morning in Mihara, near Hiroshima, he will be gambling that his company can take on the Japanese on their own turf.

The gamble is all the more audacious because ICI is commissioning a plant in Japan at a time when almost all indigenous chemicals manufacturers have stopped adding domestic capacity.

Japan's chemical industry has been ravaged by a particularly long domestic recession, high domestic operating costs and an ever-appreciating yen.

In addition, its main customers – the automotive, electronics and textiles industries – are migrating to other Asian locations.

Most Japanese chemical companies have responded to the crisis by investing outside their traditional domestic manufacturing bases and building plants in south-east Asia.

The question remains why a British company believes it can succeed where indigenous manufacturers are finding it hard to make money?

Mr Hampel is gambling that ICI can triumph with a product called HFC 134a.

This is designed as a substitute for ozone-depleting CFCs, production of which is scheduled to be halted at the end of 1995.

HFC 134a, which is marketed under the brand name Klea, is used mainly for refrigeration and air conditioning. The £50m factory, a 50-50 joint-venture with Teijin of Japan, will have initial annual capacity of 6,000 tonnes.

ICI is nothing less than ambitious. It intends to grab 20 per cent of the Japanese HFC 134a market and a higher proportion elsewhere in the Asia-Pacific region.

The company hopes to repeat the success already achieved in the US, where market share is as high as 40 per cent - the highest ever achieved by an ICI product, according to Mr Hampel.

That ICI is investing in Asia is not surprising.

Says Mr Hampel: "Asia will get a higher proportion of our investment over the next few years because of its superb growth potential."

Last year 25 per cent of turnover was in the Asia-Pacific region – including Australia. That compares with 22 per cent in the UK, a similar proportion on the Continent, and 30 per cent in the US.

ICI's commitment to the Asia-Pacific area is demonstrated by its capital investment there over the last three years.

At a time when capital spending has been severely rationed, the bulk has been invested in the region.

Sir Denys Henderson, ICI chairman, has opened numerous Asian facilities. These include a titanium dioxide plant in Malaysia, and pure terephthalic acid and methyl methacrylate complexes in Taiwan. In three weeks' time, he is to open a paints facility in China.

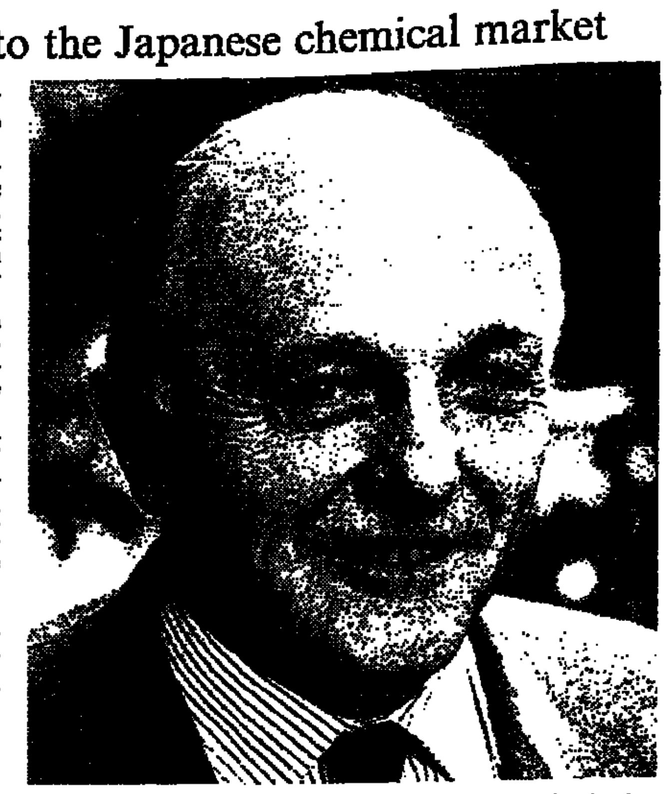
Mr Hampel is adamant that the decision to invest in Japan was the right one. "The Mihara HFC plant puts our CFC-replacement business on a global footing. It's the third piece in the global jigsaw." The group is the only CFC substitute manufacturer in Europe, the US and Japan, he adds.

Although the Japanese economy is in recession, the market remains extremely important, says Mr Geoff Tudhope, managing director of ICI Fluorocarbons. The initial targets will be the automotive and domestic refrigeration industries.

"Once you have the blessing of the Japanese parent company, you can sell the product to their subsidiaries anywhere in the world," says Mr Tudhope.

The product has already been qualified by significant Japanese automotive and electronics groups, although ICI declines to identify them.

ICI believes its technology will give it a sustainable competitive advantage. The company has considerable expertise in the sophisticated lubricants required for each different HFC application. It has set up a technical centre at Tsukuba science city which can provide a complete service for Japanese clients rather than just a product.



Trevor Humphries

Ronnie Hampel: Asia to get higher proportion of investment

Other advantages accrue from having a technological base. "It's tough to manufacture in Japan. But our proprietary catalyst technology will enable us to continue to run a low-cost plant, even though it's producing in Japan," says Mr Tudhope.

ICI is the only manufacturer of CFC alternatives to also make its own catalysts. It believes its catalyst technology is far beyond that of its competitors and will allow it to increase both product quality and plant yield.

It expects that the catalysts should eventually allow global HFC 134a capacity to be increased from 20,000 tonnes a year to 50,000 tonnes without significant capital investment.

"The technology involved means this will not be a multi-producer commodity chemical," insists Mr Hampel.

Competitors include Du Pont and Allied Signal in the US, Elf Atochem in France and Hoechst in Germany. In Japan, manufacturers include Asahi Glass, Daikin, Showa Denku and a joint-venture between Du Pont and Mitsui. World capacity is probably about 50,000 tonnes a year, according to ICI.

The world's CFC replacement market has not grown as quickly as expected, admits Mr Tudhope. The recession meant many companies had delayed their conversion. However, ICI's sales are running at a monthly rate equal to the annual rate just a year ago, he says. The market is expected to tighten considerably in 1995 and 1996.

Mr Hampel says the fluorocarbons business has been privileged to receive so much investment. Like other ICI operations, it has been set aggressive targets for return on capital.

Once Mr Hampel has cut the ribbon today, the factory must prove it can achieve its goals, in spite of the handicap of manufacturing in one of the world's most difficult markets.

Although the risks involved in Mr Hampel's gamble are high, ICI believes the dice are loaded in its favour.

Yorkshire Building Society ahead 20%

Yorkshire Building Society, the UK's 12th largest, announced pre-tax profits of £66.8m for 1993, an increase of 20 per cent, writes Alison Smith.

Net mortgage lending was down slightly at £850m (£873m), reflecting competition societies have been facing from banks in this area. Net retail receipts rose steeply, from £121m to £223m.

Total assets rose to £5.3bn (£4.8bn).

Provisions for bad and doubtful debts and liabilities fell 20 per cent to £18.4m (£22.9m). This is not as sharp a fall as that recorded by some other leading societies, but Yorkshire said this was partly attributable to the way in which house prices had moved in the north of England, as against the UK as a whole.

The cost/income ratio fell from 39.6 per cent to 38.7 per cent.

Mr Derek Roberts, chief executive, said that 1994 was "unlikely to herald a significant recovery in the core savings and mortgage markets" but the consistency of Yorkshire's performance had enabled it to reduce operating margins.

Sales collapse leaves Linx Printing with £391,000 loss

By Alan Cane

A poor first quarter, during which sales in the US collapsed and European sales slowed dramatically, cost Linx Printing Technologies any chance of profitability at the halfway stage.

The Cambridgeshire-based manufacturer of continuous ink-jet printers, returned a loss before tax of £391,000, compared with profits of £763,000, on sales down 26 per cent to £4.27m (£5.75m).

Losses per share were 1.78p, compared with earnings of 3.7p. An interim dividend of 0.25p is declared.

Mr Michael Keeling, managing director, said that sales in Europe had slowed in the first quarter as distributors ran down stocks of printers when recession started to bite.

The second quarter had shown an improvement and the company had traded profitably but it was not enough to offset losses in the first three months.

Sales in the US slipped to £167,000 in the half year, compared with £612,000 last time. Mr Keeling said that action had been taken to redress the position although he was unwilling to spell out measures in detail.

Linx, which came to the market in 1992, has been hit by a combination of recession in its principal markets, increased competition from Videojet and Domino and changes in the pattern of demand for continuous ink-jet printing.

It was also affected by the delayed launch of the 6000R printer; both the printer and an environmentally-friendly ink were launched late last year, and, Mr Keeling said, have been well received.

He added that trading improvements, noted in the second quarter, had continued and he believed the company would make a profit in the full year.

Bensons Crisps declines

Bensons Crisps, the Preston-based food manufacturer, suffered from the growing price war in the grocery trade and reported pre-tax profits 66 per cent lower at £302,000 for the year to November 30, against £500,000.

The company said there had been constant pressure on selling prices and product mix throughout the period. It added that the climate was not expected to change during the present year.

Turnover rose from £33.2m to £34.5m with growth in sales to supermarkets and discounters making up for the decline to independents. Its share of the crisps market grew by 3 per cent while snacks showed a 24 per cent advance.

A tax credit of £279,000 (£99,000 charge) helped earnings per share improve to 4.1p (5p). A maintained final dividend of 2.15p is recommended for an unchanged total of 2.85p.

Bunzl makes US acquisitions

Bunzl, the paper and packing concern, has made two acquisitions in the US.

It is purchasing Ziff Paper, a distributor of paper and plastic disposable items with annual sales of $54m (£37m).

Bunzl is also acquiring MSI, an injection moulder of tube fittings for the oil and gas industry, which has sales of $4.5m.

Considerations were not disclosed.

NEWS IN BRIEF

ABTRUST NEW Dawn said that 945,820 C shares had been taken up by existing shareholders and warrantholders under the open offer. The remaining 11m shares will be allotted to placees.

ANGLIA TELEVISION Group: Offer from MAI accepted in respect of 40.7m shares (90.7 per cent) and remains open until further notice. Additional cash election and additional share election closed on March 1 with 3.16m and 27.1m shares affected respectively.

BECKENHAM GROUP has received acceptances in respect of 65.75 per cent of the shares offered in the recent rights issue.

BUSINESS TECHNOLOGY Group, the photocopier and facsimile sales and service group, is paying a nominal sum to acquire 4pM. The Warrington-based company specialises in re-manufacturing photocopiers.

CARLISLE GROUP: rights issue of 27.7m ordinary shares has been taken up as to 26.9m shares, or 97.2 per cent of the issue. The balance has been placed at a premium.

CASTLE CAIRN Investment Trust: open offer of C shares has closed. Total applications amounted to 2.63m shares.

COURTS GROUP Pension Fund has been restructured, with 501,868 shares transferred to a new self-administered scheme, 308,400 to a discretionary trust to benefit employees and 70,163 shares to remain in the the Fund.

ENTERPRISE COMPUTER Holdings is to acquire California-based Database Server Systems for $600,000 (£411,000) by the issue of 1.79m shares to vendors Mr Robert Bolt and Mr Robert Gentry.

FISONS has agreed to sell its soluble NPK fertiliser business, based in the Netherlands, to Norsk Hydro. The consideration was not disclosed.

GANDER HOLDINGS has sold one of its properties in Kensington and Chelsea for £1m and bought two further properties for £450,000.

HILLSDOWN HOLDINGS' subsidiary, Hillsdown International, has sold Vleeswarenfabrik Scheemda, its Dutch pastrami and smoked beef operation, to a new company formed by the shareholders of Vleeswarenfabrik Quartet, one of Scheemda's competitors. The disposal is not material in relation to Hillsdown's net assets.

MEGGITT has formed a new strategic business unit, Mobrey, from five businesses in its controls division. Aggregate sales amount to £40m.

MELVILLE has sold a freehold property to its current leasehold tenant for £635,000 cash. Transaction will result in a profit of £15,000.

MERIVALE MOORE has sold the freehold residential site at Ransome's Dock in south-west London for £1.75m. Since July 1 asset sales totalled £14m and property purchases £13m.

REGENT INNS has sold seven small food-orientated pubs in the home counties for a total of £1.44m. The buyer, Country Style Inns, is an independent retailer backed by clients of Mercury Asset Management.

SEVERN TRENT is to sell its Hong Kong engineering consultancy, Charles Haswell & Partners, for £250,000 to WS Atkins engineering consultants.

STANLEY LEISURE has received acceptances in respect of 98.83 per cent of the shares offered in the recent rights issue.

SURREY GROUP is buying six licensed betting offices from PV Day in the Swindon, Wiltshire, area for £360,000 with a further amount up to a maximum £75,000.

SYMONDS ENGINEERING is buying HBH Group, a toolmaking and press stamping company, for £560,000, to be satisfied by the issue of 912,000 new Symonds shares and £332,000 cash.

UNICHEM's retail subsidiary E Moss has acquired the pharmacy trading as Roy Miles in Cranleigh, Surrey, for a maximum £173,696, to be satisfied by the issue of 23,073 ordinary shares of 10p each, plus a £50,000 loan note, with the balance in cash.

UTILITY CABLE has received acceptances in respect of 32.4m shares, representing 97.3 per cent of its recent rights issue.

After three years in the doldrums, the UK capital's office sector is showing signs of life. **Vanessa Houlder** reports

A capital start in London's long haul

London's office market is back in business. For the first time since 1988, the volume of new office construction starts in central London is set to increase this year, albeit from rock-bottom levels. Even speculative development is once again viable, in certain locations.

"The opportunities, finance and willingness should be in place for a marked increase in developer activity in central London in 1994-95," according to DTZ Debenham Thorpe, surveyors.

Is London, therefore, experiencing another of its traditional development cycles? Or is a more fundamental change under way?

Research group Applied Property Research suggests the latter, in a report on the London office market, published this week. "Structural changes, which are fundamental to the central London office market's long-term health, are beginning to happen," the report says.

Changing employment patterns, new transport links, more flexible leases and the increasing obsolescence of old buildings are highlighting the polarisation between properties that suit tenants' needs and those that fail them, says APR.

"In the traditional property cycle, even poor quality products let in a good market. This will no longer be the case," says APR. Central to this argument is the view that the letting prospects for some offices are so poor that they are likely to be demolished or decommissioned when they fall vacant.

"For the first time in the postwar period, there is now evidence that the market is exerting pressures which will lead to a decrease in the total office stock," says APR.

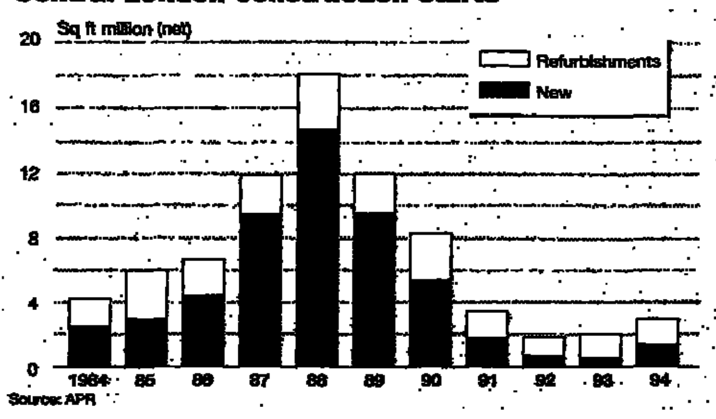
It argues that the area of land devoted to offices in London will decline because new development will only take place in central locations. In these areas, the expansion in property stock as a result of redevelopment is more limited than in fringe locations, where development is often on virgin office land. Moreover, existing office buildings are being sold for conversion to residential use, in both prime and fringe locations.

The statistics on office vacancies underline the wide gap in the prospects for buildings and locations.

The overall availability of offices in London fell from 17 per cent to 14 per cent in 1993, according to DTZ Debenham Thorpe. But in the core areas of central London there was a 45 per cent fall in the volume of new space available and a 12 per cent decline in the volume of second-hand units. In the fringes, the volume of new space declined by a fifth while the volume of second-hand space increased by 3 per cent.

- In the West End, there is a relatively limited supply of large new buildings, with only five new buildings of more than 50,000 square feet on the market. Last year demand for buildings totalled 3.8m sq ft, the highest annual total since 1989. There has been an upturn in speculative development, with the Prudential and Great Portland Estates both starting projects.

Central London construction starts



Source: APR

- In mid-town, an area including Holborn, Covent Garden and Bloomsbury, prospects are mixed. Covent Garden market is proving relatively robust but Holborn is suffering, partly because big tenants such as British Telecom, British Gas and the Ministry of Defence are likely to vacate large areas of space over the next five years.

According to DTZ, although the availability of buildings in mid-town dropped by 30 per cent, to just 9 per cent of the total stock, this was due less to the (small) rise in take-up than to the withdrawal from the market of 700,000 sq ft of old office space.

- In the City, underlying rents are increasing markedly, says APR. In the first half of 1993, lettings were occuring at 'net effective rents' – which allow for rent-free periods and other inducements – of no more than £10 per sq ft in new buildings. Net effective rents for the best new space in the City are now back in the "low £20s" and likely to exceed £30 per sq ft within a year.
- In Docklands, vacancy rates stand at 44 per cent, although total take-up of 781,000 sq ft in 1993 was the highest since 1987. APR argues that Docklands is set to become a serious option for central London tenants.

Three factors stand in Docklands favour. First, the availability of high-quality space. Second, competitive prices, of about £12-£15 a sq ft, with the first five years of a 15-year lease rent free (though not in Canary Wharf). Third, Docklands will begin to acquire a critical mass in the next couple of years, particularly when Credit Suisse First Boston, Mirror Group and London Underground complete their relocation to the area.

- The prospects for the City fringes, which are littered with vacant and derelict office sites, are poor, according to APR. It believes the City fringes faces a bleak outlook because of the abundance of empty buildings and general urban dereliction. Many office occupiers, which in the past had no choice but to locate in the City fringe, can now get decent second-hand space in more central locations on the flexible terms they require.

Because the prospects for offices are so poor, the process of converting offices into residential use is most active in the City fringes. By December 1993, 53 planning permissions and applications had been submitted to the authorities for residential development on office land or conversion of office buildings.

"The City fringe is in the firing line of structural change," says APR.

Small is beautiful and profitable

Small is beautiful: this saying has been a useful rule of thumb for property funds. Over the past 10 years, property funds have produced better returns and proved less volatile than larger rival funds, writes Vanessa Houlder.

A report by Gerald Eve and Schroder Properties found that the best-performing property funds managed property investments of less than £50m in total, while returns from larger funds tended to diminish in line with their size.

This is attributable, in part, to the small funds' greater agility. On average, smaller portfolios were successful in shifting out of retail property, which outperformed in the early 1980s, and into industrial property, which outperformed in the late 1980s.

Smaller funds have tended to be no more volatile than larger funds probably because they concentrate on smaller properties; this makes it easier for small funds to diversify a portfolio. Funds with less than £15m of property are, however, at a disadvantage because of the smaller numbers of properties held.

But how much of the smaller funds' outperformance is simply a matter of luck? Small funds' inability to buy large properties, such as shopping centres, means they have avoided some of the worst performing sectors in recent years. "Smaller funds have benefited by default rather than through a conscious decision to buy small investments such as shops and industrial units," says the report.

However, the tide may shift towards larger property owners. "The market has suited smaller investors over the past five years, but the next 10 years are sure to be different and the bias may well suit the larger investors," the report adds.

Changes in property values (%)

	Retail		Office		Industrial		All	
	Year to Jan 94	Mnth of Jan 94	Year to Jan 94	Mnth of Jan 94	Year to Jan 94	Mnth of Jan 94	Year to Jan 94	Mnth of Jan 94
Rental growth	-2.6	-0.1	-13.4	-0.6	-8.6	-0.5	-7.4	-0.3
Capital growth	10.8	1.5	6.1	0.9	6.0	1.2	8.2	1.2
Total return	19.7	2.1	17.1	1.7	17.4	2.1	18.4	1.9
Current yields	8.2		9.1		10.3		8.9	

Source: IPD Monthly Index, Investment Property Databank

COMMERCIAL PROPERTY
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BUSINESSES FOR SALE

Oil market looks to Gulf meeting for Opec clues

By Robert Corzine

Petroleum ministers from the six Gulf Co-operation Council members, including Saudi Arabia, meet in Jeddah tomorrow amid contuining speculation over whether a plan to cut oil output will emerge.

The Jeddah talks are likely to be the first in a string of contacts between members of the Organisation of Petroleum Exporting Countries in the run-up to its next meeting in Geneva on March 25. The persistence of weak oil prices since Opec's last meeting in November is putting pressure on the organisation to agree to additional production cuts.

Reuters news agency yesterday reported that the Opec secretariat was circulating a proposal among member states for a cut of 1m barrels a day in the second quarter of this year, although an official of the organisation later denied the report.

Few analysts expect a formal proposal to emerge from the GCC session, as it excludes crucial Opec members such as Iran. But the meeting may indicate whether there has been any change in the attitude of Opec's most influential member, Saudi Arabia, which accounts for 30 per cent of the organisation's output.

The previous GCC meeting last December proposed that any Opec cuts be reinforced by reductions from independent producers. Mr Abdullah bin Hamad Al-Attiyah, Qatar's energy minister and the current Opec president, recently said that some of the smaller non-Opec producers had put forward proposed cuts totalling 300,000-400,000 barrels a day.

The Jeddah meeting may review ways on how such cuts could be implemented. But oil markets are likely to remain sceptical of such proposals as long as the bigger independent producers decline to go along with Opec.

"They would need some participation from the UK, Norway and Mexico" for the proposed non-Opec cuts to make a big impact in the markets, according to Mr Mehdi Varzi, director of energy research at London broker Kleinwort Benson.

Mr Varzi believes Opec's strategy of relying on quotas to influence oil prices is flawed as long as Saudi Arabia insists on maintaining its 8m b/d quota out of Opec's total production ceiling of 24.52m b/d.

But Saudi officials have consistently rejected arguments that it could absorb greater cuts than other Opec members, and Mr Varzi concedes that there is "no sign of any change in the Saudi mood".

Brazil gets to grips with coffee scheme

Patrick McCurry reports on the transfer of export retention to the private sector

The Brazilian government says it has reached agreement with coffee producers and exporters to fulfil its obligations under the international coffee retention scheme but that it still intends to press on with its privatisation of the retention programme.

Under the new system, which came into effect this month, exporters will have to bear the costs of buying and storing coffee that is retained.

The deal reached yesterday will allow the government to retain about 800,000 bags (60kg each), enough to fulfil its retention commitment for exports in the October-January period, says Mr Frederico Robalinho, trade policy secretary in the Ministry of Industry, Trade and Tourism. He says the accord will not affect the decision to privatise the retention scheme.

This decision came after repeated failures by the government to acquire enough coffee to comply with the agreement made last September, by the newly-formed Association of Coffee Producing Countries, to hold back 20 per cent of exports in an attempt to reduce world coffee stocks and push up prices.

ACPC governments agreed to hold back an extra 20 per cent above their exports until the average world price, as calculated by an ACPC formula, reached 75 cents per pound, at which point retention would falls to 10 per cent. When the 80-cent mark is reached the retention scheme will be suspended.

The strategy has so far succeeded in pushing up prices to about 71-72 cents a pound.

Brazil is the world's largest coffee exporter, closely followed by Colombia. Last year, according to the Brazilian coffee exporters' association, Febec, Brazil shipped just over 15m bags of green coffee, earning $988m.

The government has had serious problems acquiring coffee to retain but yesterday Mr Robalinho said that a $38m credit line from the government's coffee fund, Funcafe, would result in the retention of 600,000 bags from producers and exporters and that a further 200,000 bags would be acquired from producers who were using coffee as collateral for their debts to the government-controlled Banco do Brasil.

"The coffee that is being used as collateral will be freed and used for retention purposes", he said.

Mr Robalinho added that the government might provide more funds to finance the retention of a further 300,000 bags, which would cover exports to the end of February.

Under the new scheme, exporters will not be allowed to ship coffee without proof that they have stored 20 per cent of the shipment volume.

Coffee traders say February's exports were higher than usual because exporters increased sales to beat the introduction of the new system. March sales are likely to be around 800,000 bags, including soluble coffee, nearly half the average volume.

The fall in Brazil's exports is expected to contribute to the rise in world prices and some traders predict that the 75 cents level will be reached in April or May, which would ease the situation for exporters.

Despite the extra costs for exporters, Febec is supporting the privatisation. Mr Waldyr Ariano, its vice president, says this is because in the long run it will mean lower stocks in the consuming nations and higher prices for the local industry.

According to Mr Ariano the details of retention are not as important as the signals being sent by Brazil, both to other coffee producing nations and to importers.

"Our producing partners are following closely what it happening in Brazil and they realise that the government is behaving cleanly and correctly".

He adds that the key is maintaining trust among the producing countries in order for the retention scheme to work.

Others are less optimistic. Mr Christian Wolthers, a trader, notes that the Brazilian coffee industry has been in a state of semi-chaos since former president Fernando Collor closed the Brazilian Coffee Institute in 1990.

He argues that with the higher prices privatisation of retention will bring Brazilian coffee prices will become uncompetitive and, "either the international market absorbs the change and we will win or we will have to stay out of the market".

MARKET REPORT

Copper prices strong

The London Metal Exchange **COPPER** market put in a strong performance yesterday, capitalising on signs of downside support at $1,870 a tonne for three months delivery. The price broke above $1,890 at one stage before hitting late selling. It ended the after hours "kerb" trading session at $1,889, up $14 on the day.

ALUMINIUM largely followed copper, and after rallying strongly from lower morning levels lost some ground late on to end below the highs at $1,283 a tonne, still up $8, in the three months delivery position.

The **LEAD** market crumbled under late liquidation after the three months position broke the important $460-a-tonne level, confirming a "head and shoulders" chart formation. Stop-loss selling pushed the market lower and final business was at $456 down $10.

ZINC was also hit by negative chart factors, as repeated attempts on $948 a tonne eventually proved successful, and prices broke lower under pressure from stop-loss and investment fund selling.

At the London Commodity Exchange **COFFEE** futures were given a late boost by news Brazil had met export retention requirements at last.

The near May position closed at $1,232 a tonne, below a $1,238 high but $21 up on the day.

In the **COCOA** market meanwhile, traders were becoming increasingly nervous, in the continued absence of supportive news, that the £900-a-tonne support level for the May position might shortly be broken, with next support seen at around £870. The price closed at £905, down £6 on the day, after touching £901 at one point.

Compiled from Reuter

Cobalt output cut in 1993 by 22 per cent

Production of cobalt by major western world producers fell to 13,843 tonnes in 1993 from 17,891 tonnes in 1992 according to Cobalt Development Institute statistics being circulated among London by trade houses, reports Reuter.

The reduction was caused mainly by a sharp reduction in output at Zaire's Gecamines and came as no surprise to traders given the political turmoil and economic neglect in that country over recent years.

Output also dropped in neighbouring Zambia, the CDI statistics show, which traders expected after hearing reports of lower ore grades being encountered in the latter part of 1993.

Canada's Sherritt Gordon increased output by 78 per cent to 1,218 tonnes but most other producers showed little change.

East Europeans warned against farm protectionism

By Alison Maitland in Budapest

The European Commission yesterday warned east European countries not to repeat the mistakes of the common agricultural policy.

Moves towards protectionism in these countries risked creating international trade tensions "instead of paving the way for a smooth entry of eastern products into international trade," according to Mr René Steichen, the European Union's agriculture commissioner. He said there was a growing gap between the long-term policy objectives of central and eastern European countries and their short-term action on agriculture, which had become "increasingly interventionist in orientation".

Mr Steichen cited Poland, where import levies were expected to be implemented shortly to protect certain domestic agricultural sectors from competition.

Speaking in Budapest at an Agra Europe conference entitled Towards 2000: Agriculture, Agribusiness and the Food Industry in Central and Eastern Europe, Mr Steichen admitted the reformed CAP still relied partly on intervention mechanisms to stabilise markets. But he said unchecked growth in eastern European support for farmers could lead to old CAP-style prices "far higher than market realities".

But a senior Hungarian official told the conference it was a "day-dream" to think subsidies in eastern Europe could increase to the level of the EU. Dr Laszlo Medgyasszay, secretary of state in the agriculture ministry, said the high level of EU export subsidies compared with those in eastern Europe was a particularly sore point.

"Without being able to cross draconian financial bridges, our commodities cannot reach the favoured markets," he said. "Often we lose. . . due to the lack of financial support."

Mr Steichen claimed it was wrong for some east European countries to blame EU protectionism for a decline in their exports to the EU in 1992, saying this reflected internal difficulties in restructuring their farm sectors. These arose, he said, from the slow pace of land privatisation, the breakdown in distribution systems, the collapse of traditional markets in the former Soviet Union and the shortage of finance for farm modernisation.

However, the commissioner proposed improvements in co-operation between east and west to avoid the kind of trade friction that arose last year over EU minimum import prices for soft fruit imports and measures against livestock imports from countries hit by outbreaks of disease.

He said the EU should set up an "early warning mechanism" to lessen the risk of east European exports suddenly being interrupted. It should encourage the creation of exporter groups in eastern Europe that could co-ordinate a rapid response to changes in trade. Eastern and western veterinary standards should also be harmonised, he said.

Bureaucratic problems are hindering the restructuring of nearly 70 per cent of farms in eastern Europe, according to a survey to be presented today, writes Alison Maitland.

The survey of 2,000 farms in 10 countries in eastern Europe and the former Soviet Union found that 35 per cent also faced financial difficulties in adapting from communist methods, while 34 per cent cited social restrictions, notably having to axe large numbers of farm workers.

The Farm-Trak poll by the Produce Studies Group, a European food industry consultancy, will be publicised at the Agra Europe conference in Budapest.

Mr Tony Houghton, who will present the findings, said bureaucratic problems, particularly over land ownership, were preventing long-term investment by farmers.

More than 60 per cent of farmers also said that a shortage of suitable machinery was impeding their progress towards greater efficiency, while over 50 per cent said that they were hampered by poor quality animal feed, a lack of machinery spares and a shortage of skilled workers.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1263.5-4.5	1285-5.5
Previous	1248.5-9.5	1272.5-3.0
High/low		1287.5/1271
AM Official	1256-6.5	1278-8.5
Kerb close		1282.5-83
Open int.	271,008	
Total daily turnover	59,793	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1175-85	1175-88
Previous	1125-35	1145-55
High/low		1187/1150
AM Official	1140-50	1155-65
Kerb close		1177-80
Open int.	3,458	
Total daily turnover	1,109	

■ LEAD ($ per tonne)

Close	445.5-6.5	459-60
Previous	449-50	463-4
High/low		467/456
AM Official	449-9.5	462.5-3.0
Kerb close		457-8
Open int.	35,692	
Total daily turnover	8,216	

■ NICKEL ($ per tonne)

Close	5645-55	5700-05
Previous	5625-35	5680-85
High/low		5745/5690
AM Official	5653-4	5705-10
Kerb close		5690-95
Open int.	52,059	
Total daily turnover	9,631	

■ TIN ($ per tonne)

Close	5290-300	5335-40
Previous	5330-40	5370-80
High/low		5410/5300
AM Official	5250-60	5295-300
Kerb close		5350-60
Open int.	20,248	
Total daily turnover	5,537	

■ ZINC, special high grade ($ per tonne)

Close	925.5-6.5	943-4
Previous	945-6	963.5-6.5
High/low		956/941
AM Official	924-5	941.5-2.0
Kerb close		942-3
Open int.	108,405	
Total daily turnover	22,467	

■ COPPER, grade A ($ per tonne)

Close	1873-4	1892-3
Previous	1849.5-50.5	1872-2.5
High/low		1894/1876
AM Official	1865-5.5	1885.5-6.5
Kerb close		1889-90
Open int.	253,065	
Total daily turnover	60,696	

■ LME AM Official £/$ rate: 1.4916

LME Closing £/$ rate: 1.4970

Spot 1.4968 3 mths 1.4920 6 mths 1.4884 9 mths 1.4865

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Mar	87.50	+0.45	87.70	86.95	5,508	669
Apr	87.35	+0.25	87.60	87.30	1,068	51
May	87.55	+0.30	87.85	87.00	33,007	6,003
Jun	87.50	+0.25	-	-	847	6
Jul	87.45	+0.15	87.75	87.10	8,184	616
Aug	87.50	+0.15	-	-	388	-
Total					59,387	7,655

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	377.10-377.50	
Opening	377.75-378.15	
Morning fix	377.70	252.811
Afternoon fix	377.70	252.811
Day's High	378.10-378.50	
Day's Low	377.10-377.50	
Previous close	373.50-376.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.11	6 months	3.35
2 months	3.14	12 months	3.55
3 months	3.18		

Silver Fix	p/troy oz.	US cts equiv.
Spot	353.55	526.25
3 months	356.75	530.90
6 months	361.05	536.05
1 year	369.35	547.05
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	379-382	253-256
Maple Leaf	387.85-390.30	-
New Sovereign	89-92	59-62

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Mar	377.3	-0.5	-	-	9	21
Apr	378.3	-0.6	379.3	376.9	72,463	53,756
May	379.4	-0.6	-	-	-	-
Jun	380.5	-0.6	381.5	378.0	34,693	8,167
Aug	382.8	-0.6	383.8	383.6	5,313	1,030
Oct	385.2	-0.6	-	-	4,113	46
Total					147,983	63,429

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	392.8	+0.9	394.5	391.0	13,581	3,844
Jul	393.8	+1.0	395.0	392.5	3,767	782
Oct	394.3	+1.2	394.5	394.0	1,080	88
Jan	394.7	+1.2	-	-	524	57
Apr	395.8	+1.2	398.0	398.0	490	32
Total					19,442	4,803

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	130.15	-4.75	133.50	129.00	75	15
Jun	130.15	-4.75	134.00	129.00	43,399	325
Sep	129.65	-4.75	133.00	128.40	374	18
Dec	129.15	-4.75	131.00	128.00	166	4
Total					4,964	362

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Mar	524.1	-3.5	528.0	522.0	2,650	1,033
Apr	524.5	-3.5	-	-	2	1
May	527.2	-3.5	531.5	525.0	66,638	32,522
Jul	531.0	-3.5	535.5	529.0	16,971	2,222
Sep	535.0	-3.5	539.0	535.0	3,659	119
Dec	540.8	-3.5	543.0	540.0	8,930	276
Total					107,499	38,235

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	14.64	-0.12	14.80	14.54	110,651	29,511
May	14.79	-0.09	14.90	14.70	61,111	15,184
Jun	14.95	-0.08	15.03	14.87	63,578	8,319
Jul	15.12	-0.09	15.19	15.09	26,038	2,601
Aug	15.27	-0.12	15.34	15.27	14,934	1,610
Sep	15.50	-0.08	15.50	15.46	18,688	1,021
Total					435,821	67,708

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	13.62	+0.02	13.68	13.48	67,754	17,771
May	13.66	-0.02	13.76	13.57	35,099	7,600
Jun	13.77	-0.09	13.85	13.70	15,957	1,216
Jul	13.86	-0.15	14.00	13.85	8,903	783
Aug	14.00	-0.15	14.13	14.00	4,781	22
Sep	14.19	-0.14	14.19	14.19	2,890	50
Total					140,082	27,313

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	45.30	-0.44	45.74	45.00	48,319	10,743
May	43.50	-0.31	43.85	43.30	44,181	5,254
Jun	43.45	-0.26	43.60	43.30	27,461	2,524
Jul	44.00	-0.26	44.15	43.90	19,346	1,122
Aug	44.75	-0.26	44.80	44.75	8,479	193
Sep	45.85	-0.21	-	-	7,013	385
Total					174,764	20,777

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	140.50	-0.50	141.50	140.25	26,540	5,627
Apr	139.75	-0.75	141.00	139.50	26,200	2,924
May	139.00	-0.50	139.75	138.75	14,176	705
Jun	139.25	-0.75	140.25	139.00	17,114	1,700
Jul	141.25	-1.00	141.75	140.75	10,291	1,022
Aug	143.75	-0.75	143.75	143.25	5,098	142
Total					121,549	12,942

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	2.145	-0.028	2.155	2.130	16,962	6,241
May	2.120	-0.014	2.130	2.110	12,574	2,240
Jun	2.110	-0.012	2.114	2.100	8,148	1,118
Jul	2.100	-0.012	2.110	2.095	8,934	1,162
Aug	2.110	-0.012	2.120	2.105	8,694	615
Sep	2.145	-0.002	2.145	2.135	10,289	190
Total					116,960	13,135

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	45.35	-0.30	45.75	45.15	37,602	10,568
May	46.00	-0.04	46.20	45.85	39,838	6,864
Jun	46.45	-0.39	46.60	46.35	17,482	1,416
Jul	46.60	-0.39	46.85	46.60	5,089	1,212
Aug	46.65	-0.29	46.65	46.60	4,904	676
Sep	46.50	-0.29	-	-	2,329	529
Total					110,315	23,878

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	101.75	-0.35	101.70	101.70	223	4
May	103.15	-0.25	103.20	102.85	2,013	81
Jun	103.25	-0.15	103.00	102.90	411	50
Sep	91.25	-0.45	-	-	197	-
Nov	92.40	-0.40	-	-	981	-
Jan	94.25	-0.40	94.20	94.20	393	-
Total					4,323	180

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	339/2	-2/6	344/0	337/4	8,385	2,910
May	340/6	-4/0	347/4	339/0	74,725	14,915
Jul	328/2	-6/2	336/2	327/4	88,390	11,320
Sep	330/2	-5/0	337/2	330/0	14,930	970
Dec	338/4	-5/4	345/0	338/0	19,585	515
Mar	341/4	-5/4	-	-	10	-
Total					207,175	30,630

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	278/6	-4/6	282/6	276/0	41,295	44,935
May	286/0	-5/0	290/2	283/4	660,775	133,870
Jul	288/6	-5/2	293/0	286/4	535,825	65,085
Sep	277/2	-4/0	280/2	276/0	120,230	8,320
Dec	265/4	-2/6	267/6	263/6	269,700	24,725
Mar	271/4	-2/6	273/4	270/0	17,075	490
Total					1,854M	277,845

■ BARLEY LCE (£ per tonne)

Mar	104.75	-0.25	105.00	104.75	298	61
May	104.75	-0.25	-	-	198	-
Sep	92.15	-0.35	-	-	119	-
Nov	94.50	-0.25	-	-	58	-
Jan	95.75	-	-	-	3	-
May	97.25	-	-	-	-	-
Total					676	61

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Mar	665/6	-10/6	676/4	662/0	47,756	39,570
May	671/0	-10/2	681/0	666/4	308,495	129,385
Jul	673/2	-10/4	683/4	668/0	221,710	35,170
Aug	665/6	-10/6	676/2	663/0	35,275	1,855
Sep	651/4	-10/4	661/4	650/0	18,760	13,445
Nov	641/4	-7/2	650/0	640/4	128,355	445
Total					778,080	231,155

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Mar	28.21	-0.45	28.57	28.07	8,147	3,645
May	28.24	-0.39	28.52	28.04	39,099	11,876
Jul	28.17	-0.38	28.45	28.00	26,456	4,573
Aug	27.73	-0.42	28.00	27.53	6,915	415
Sep	27.34	-0.34	27.50	27.25	6,975	171
Oct	26.63	-0.27	26.80	26.45	5,335	7
Total					106,438	21,876

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Mar	190.4	-1.8	192.7	189.6	5,375	2,508
May	191.1	-2.0	193.6	190.3	32,119	5,781
Jul	191.4	-2.3	194.1	190.8	24,233	3,360
Aug	190.7	-2.4	193.3	190.3	7,097	211
Sep	189.8	-2.2	192.3	189.5	5,263	102
Oct	188.3	-2.3	191.0	188.3	2,684	29
Total					85,781	12,846

■ POTATOES LCE (£/tonne)

Mar	180.0	+30.0	170.0	160.0	36	19
Apr	149.5	+8.5	152.1	145.0	1,572	229
May	161.3	+8.0	163.0	157.0	1,074	303
Jun	130.0	-	-	-	-	-
Nov	80.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					2,787	579

■ FREIGHT (BIFFEX) LCE ($10/index point)

Mar	1140	-15	1155	1135	304	11
Apr	1200	-12	1210	1200	1,163	18
May	1199	-12	1210	1198	214	5
Jul	1095	-19	1100	1100	580	3
Oct	1258	-5	-	-	243	-
Jan	1300	-	-	-	74	-
Total					2,663	37

	Close	Prev
BFI	1112	1115

Wool

Wool prices have risen at auctions in Australia and New Zealand this week, taking the market close to, if not aligned with, seasonal peaks. The Australian Wool International indicator at 535 cents compares with 546 touched early in February, and New Zealand prices have risen particularly strongly with much better clearances than for some time. The market upturn has developed despite an Australian clip forecast which raises expected production this season, thus increasing offerings in the next four months, and also indicates a smaller decline than expected in production next season. there are still difficulties in selling semi-processed and manufactured wool textiles at prices reflecting recent costs, but the balance does this week seem to favour continuing market recovery rather than any new setback.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	888	-5	892	884	1,992	587
May	905	-6	911	901	22,898	1,686
Jul	917	-6	923	915	14,769	516
Sep	929	-4	934	928	11,198	115
Dec	942	-4	948	941	17,310	357
Mar	958	-3	964	957	22,591	648
Total					107,749	3,891

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1121	-14	1137	1126	514	17
May	1139	-14	1151	1134	37,843	3,872
Jul	1163	-14	1175	1160	16,886	1,550
Sep	1187	-15	1200	1187	7,778	112
Dec	1218	-15	1227	1217	6,454	134
Mar	1251	-11	1260	1253	9,695	414
Total					88,666	6,354

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Mar 2		
Daily	903.34	906.48
Mar 3		
10 day average	909.15	908.01

■ COFFEE LCE ($/tonne)

Mar	1222	+23	1222	1203	1,049	113
May	1232	+21	1238	1216	15,199	1,548
Jul	1229	+18	1232	1215	8,879	1,155
Sep	1231	+18	1232	1219	3,696	168
Nov	1238	+15	1230	1225	4,237	166
Jan	1234	+13	1227	1227	4,958	6
Total					38,363	3,256

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	75.65	+1.15	75.75	74.50	720	852
May	77.10	+0.95	77.50	75.10	28,681	8,310
Jul	78.45	+0.90	78.80	77.50	7,587	1,230
Sep	79.80	+1.00	80.15	78.90	5,053	172
Dec	81.00	+1.00	81.30	80.00	3,151	61
Mar	81.90	+1.10	-	-	1,060	8
Total					47,349	10,433

■ COFFEE (ICO) (US cents/pound)

	Price	Prev. day
Mar 3		
Comp. daily	72.06	72.93
15 day average	72.80	72.84

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

May	12.00	-0.45	12.02	12.02	1,454	8
Jul	12.42	+0.58	12.38	12.35	2,842	100
Oct	11.80	-0.02	11.85	11.80	136	10
Jan	11.76	-	-	-	804	133
Total					4,431	218

■ WHITE SUGAR LCE ($/tonne)

May	328.80	+1.30	330.00	326.50	7,882	1,088
Aug	322.70	-	324.50	320.30	3,986	718
Oct	301.30	-0.70	303.50	299.80	3,427	464
Dec	298.00	+5.80	-	-	128	-
Mar	296.80	-1.80	298.30	297.80	341	60
May	297.10	-2.40	-	-	197	-
Total					16,174	2,331

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

May	11.78	-0.01	11.89	11.72	83,415	8,270
Jul	11.96	+0.01	12.07	11.92	26,306	1,400
Oct	11.48	-0.02	11.60	11.47	23,515	2,332
Mar	11.25	-0.08	11.42	11.25	7,714	1,112
May	11.22	-0.08	11.33	11.33	1,221	305
Jul	11.22	-0.08	11.32	11.32	981	252
Total					125,420	11,681

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	75.90	-1.10	77.25	75.80	589	315
May	75.97	-1.01	77.35	75.70	28,159	8,390
Jul	76.55	-0.94	77.90	76.51	12,438	2,550
Oct	74.65	+0.40	74.90	74.06	2,332	241
Dec	72.10	+0.48	72.48	71.66	11,040	2,062
Mar	72.75	+0.25	72.90	72.50	383	7
Total					53,089	13,577

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Mar	108.50	-0.15	109.00	107.60	1,035	674
May	111.35	-0.45	112.30	110.40	8,491	3,080
Jul	113.10	-0.85	114.50	113.00	4,605	824
Sep	115.35	-0.85	116.00	115.35	1,934	326
Nov	115.50	-1.30	116.75	115.50	1,134	1
Jan	116.95	-0.95	117.00	116.00	1,301	95
Total					18,562	5,017

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Mar 3	Mar 2	month ago	year ago
1788.3	1787.9	1749.3	1787.3

■ CRB Futures (Base: 4/9/56=100)

Mar 2	Mar 1	month ago	year ago
227.09	227.35	227.99	205.09

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	76.725	+0.100	76.800	76.500	38,382	8,168
Jun	74.825	-	74.700	74.400	20,705	1,644
Aug	73.125	-0.125	73.300	73.025	12,118	1,148
Oct	73.625	-0.050	73.700	73.525	9,804	542
Dec	73.975	-	73.975	73.880	2,057	25
Feb	73.575	-0.075	73.650	73.575	819	17
Total					83,924	9,540

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Apr	48.325	+0.100	48.550	48.250	13,535	6,598
Jun	54.225	+0.150	54.350	54.050	8,848	3,090
Jul	53.550	+0.075	53.775	53.450	3,240	463
Aug	51.800	-0.125	52.100	51.750	2,556	395
Oct	48.150	-0.025	48.400	48.125	1,488	64
Dec	49.100	+0.050	49.400	49.050	1,246	44
Total					31,207	10,692

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Mar	56.450	+0.025	56.900	55.400	587	391
May	57.300	+0.650	57.950	56.500	5,794	2,025
Jul	57.450	+0.400	58.000	56.700	2,426	384
Aug	54.525	+0.475	55.500	54.300	463	28
Feb	59.750	-0.225	59.900	59.750	13	2
Mar	59.900	-0.100	59.900	59.900	1	1
Total					9,286	2,830

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1275	45	71	38	49
1300	34	58	52	62
1325	25	48	67	76
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
1850	75	105	35	49
1900	49	78	58	71
1950	30	58	88	98
■ COFFEE LCE	May	Jul	May	Jul
1200	59	79	27	50
1250	34	55	52	76
1300	18	38	86	109
■ COCOA LCE	May	Jul	May	Jul
900	35	58	30	41
925	25	46	45	54
950	17	36	62	69
■ BRENT CRUDE IPE	Apr	May	Apr	May
1300	-	-	7	28
1350	29	68	20	44
1400	6	35	47	72

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Apr)

		+or-
Dubai	$12.50-2.60w	-0.365
Brent Blend (dated)	$13.49-3.51	-0.07
Brent Blend (Apr)	$13.59-3.61	-0.06
W.T.I. (1pm est)	$14.68-4.68	-0.11

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$154-156	
Gas Oil	$145-146	-1.5
Heavy Fuel Oil	$81-82	
Naphtha	$136-137	-0.5
Jet Fuel	$160-161	-0.5

Petroleum Argus Estimates

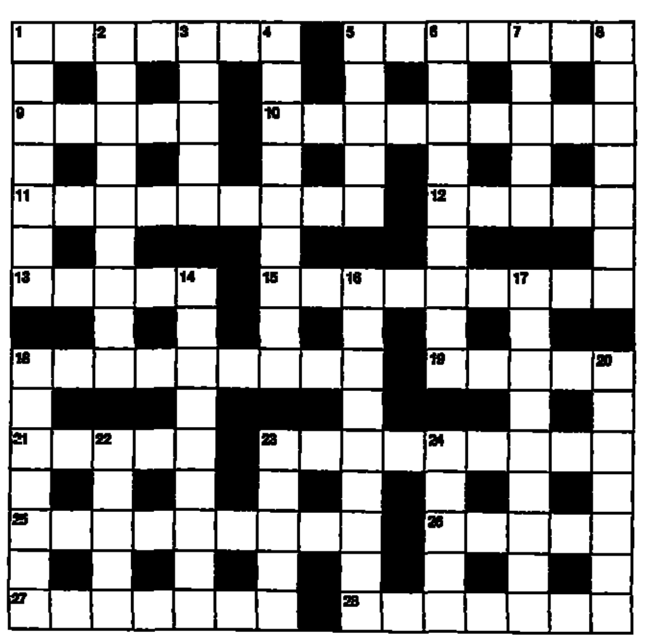
■ OTHER

Gold (per troy oz)♣	$377.30	+1.55
Silver (per troy oz)♣	526.5c	+2
Platinum (per troy oz.)	$392.00	+5.5
Palladium (per troy oz.)	$129.25	-5.85
Copper (US prod.)	92.00c	
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.38r	0.14
Tin (New York)	247.50c	-5
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	125.83p	+0.76*
Sheep (live weight)†♠	123.20p	+3.13*
Pigs (live weight)	83.00p	+4.87*
Lon. day sugar (raw)	$265.1	
Lon. day sugar (wte)	$332.0	
Tate & Lyle export	£303.0	
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£129.0	
Wheat (US Dark North)	£143.5	
Rubber (Apr)♥	65.50p	+0.25
Rubber (May)♥	66.75p	+0.25
Rubber(KL RSS No1 Apr)	241.00m	
Coconut Oil (Phil)§	$632.5x	-17.5
Palm Oil (Malay.)§	$365.0t	
Copra (Phil)§	$365.0	
Soyabeans (US)	£196.0	
Cotton Outlook A Index	81.60c	
Wooltops (64s Super)	380p	+7

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w Apr. t Jul/Sep. x Apr/May. ♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. ♠ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,395 Set by GRIFFIN



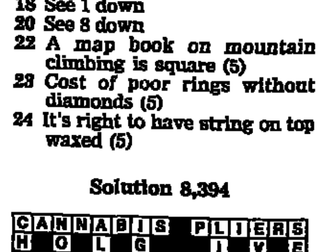
ACROSS

1, 5 Returned article to stingy father with groom's personal details (4,3,7)
9 Patients no hospital drives away (5)
10 Where you'll get a broken nose in India (9)
11 Cold food I bring in after divorcee gets nervous (9)
12 Boredom that is holding poor num back (5)
13 Start using sound beams (5)
15 Report once cup final in Oslo's arranged (9)
18 Turned up in new trousers last June (9)
19 Vapour found around a stalk (5)
21 Circuit father reversed causes shock (5)
23 Copper with degree is confused by genealogical tables (9)
25 Skill turned sour in aged actor (9)
26 Egg-shaped tank installed in empty outhouse (5)
27, 28 Secretaries often do this at meetings when engineers notice the time (4,3,7)

DOWN

1, 18 down To uncle rare car wheels should make a pile! (7,7)
2 Cruel person caused terrible chaos in fog (9)
3 Advantage of a fixed bearing being inserted (5)
4 People with footballs who behave like babies? (9)
5 Muddled old coppers drink outside (5)
6 Threatening to swindle us out of incense (9)
7 German city one's not taking nurse to (5)
8, 20 down BR employees on board steam train to resort (7,7)
14 When sick ring me up before hospital finds something soothing (9)
16 A false handle? (9)
17 Clumsy pin inserted in neat woolly (9)
18 See 1 down
20 See 8 down
22 A map book on mountain climbing is square (5)
23 Cost of poor rings without diamonds (5)
24 It's right to have string on top waxed (5)

Solution 8,394



JOTTER PAD

LONDON STOCK EXCHANGE

MARKET REPORT

Closing rally leaves share prices little changed

By Terry Byland, UK Stock Market Editor

The stock market remained very nervous yesterday but regained confidence towards the close when UK government bonds recovered early losses. The Bundesbank's decision to leave key lending rates unchanged failed to upset investors and the mid-afternoon low point in the UK stock market reflected weakness in both US Treasuries and on Wall Street.

The final reading on the FT-SE 100 Index of 3,246.5 showed a loss of only 1.6, compared with a fall of just over 17 points recorded earlier. The rally in London reflected a somewhat belated response to firmness in other European markets.

Markets remained confident that short-term interest rates will be "nudged lower" across Europe. Optimism was unaffected by the absence of a move by the Bundesbank yesterday, since any dramatic move in Germany had seemed unlikely in the wake of the jump in money supply disclosed on Wednesday. Nor was the stock market affected by the comment from the chief secretary to the UK Treasury that "the government is content with current economic conditions".

But institutions were cautious ahead of the US payroll statistics, which are due today and could provide the trigger for the further tightening by the Federal Reserve of which markets are still in fear. Reports that the US had decided to reinstate the Super 301 trade order for sanctions against Japan came too late for the London market.

Seaq turnover dipped to 675.8m shares from Wednesday's 762.9m. But the total of retail, or customer, business in equities for the previous session rose to £1.84bn, an indication that fund managers may be coming round to the view, expressed by James Capel, London's leading agency broker, that the equity market is "a buy" at current levels. Other brokerage houses have expressed similar advice: NatWest Securities seeing a "buying opportunity" and BZW "exaggerated fears".

Modest support across the broader range of the market took the FT-SE Mid 250 Index ahead by 5.2 to 3,907.0. There was demand for consumer stocks, including brewery and media issues. But further substantial losses were recorded in the financial sector. Merchant banks and those lending banks with securities dealing subsidiaries continued to suffer as investors weighed the possible losses in markets over the past fortnight.

By the close of business, around 40 per cent of the shares in the Footsie 100 list were showing gains, albeit mostly minor ones, and the market looked more confident than for some time.

Traders commented that the institutions had been selectively buying stocks in which the falls of the past two weeks appeared to have been overdone.

The market continued to track both stock index futures and bond prices closely and showed little inclination to develop any trend independent of these two mentors.

The opening of the market this morning is expected to depend largely on the overnight performance of Wall Street, which was 12 Dow points down when London closed last night.

Some strategists pointed out that European bond markets, which have made the running for equities for the past fortnight, may be disengaging themselves from trends in the US Treasury securities – but agreed that this theory will be tested today when the US payroll statistics arrive.

Account Dealing Dates

*First Dealings:	Feb 14	Feb 28	Mar 14
Option Declarations:	Feb 24	Mar 10	Mar 24
Last Dealings:	Feb 25	Mar 11	Mar 25
Account Day:	Mar 7	Mar 21	Apr 5

*New time dealings may take place from two business days earlier.

FT-SE-A All-Share Index

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover

Key Indicators

Indices and ratios

FT-SE 100	3246.5	-1.6	FT Ordinary index	2540.2	+8.4
FT-SE Mid 250	3907.0	+5.2	FT-SE-A Non Fins p/e	22.18	(22.14)
FT-SE-A 350	1647.8	-0.1	FT-SE 100 Fut Mar	3233.0	+6.0
FT-SE-A All-Share	1639.98	-0.15	10 yr Gilt yield	7.14	(7.05)
FT-SE-A All-Share yield	3.50	(3.51)	Long gilt/equity yld ratio:	2.17	(2.16)

Best performing sectors

1 Chemicals +1.1
2 Oil Exploration & Prod +1.1
3 Breweries +1.1
4 Media +0.6
5 Building Materials +0.6

Worst performing sectors

1 Merchant Banks -2.4
2 Water -1.7
3 Life Assurance -1.3
4 Insurance -1.1
5 Banks -0.9

Ladbroke fails to please

A slashed dividend, hefty provisions, a rising tax charge and big write-downs from Ladbroke came at the bottom end of pessimistic market expectations and the shares fell 10 to 199p, with turnover hitting a very heavy 27m.

The dividend cut, a surprisingly large 46 per cent, was the first in the company's history, as the new management moved to spruce up the group's image among the investment community. Most agreed they achieved this, and analysts welcomed the company's new visibility, with financial and stragetic details forthcoming as never before.

However, some of the old trading worries remained. Texas, the company's home improvement division, produced a fall in profits and prompted a large provision. Some analysts expressed concern that the troubled sector would continue to drag on the group's finances. There were fresh worries over the impact of the National Lottery on Ladbroke's betting business. Write-downs hit the property and hotel arms, with questions also being asked about the future of the UK hotel division.

Ms Julie Farrar at Credit Lyonnais Laing said: "What the new management has revealed is that the recovery is going to be longer than expected. The stock is fully valued at these levels." Others disagreed, pointing out that the stock has been one of the FT-SE's best performers in 1994, and that with all the bad news now out of the way the shares are well placed for the longer term.

Results in line with expectations saw Zeneca trade sideways before succumbing to the market trend and the shares slipped 3 to 763p. Profits rose 42 per cent to £827m, which was underpinned by good volume growth.

Mr Peter Laing at Salomom Brothers said that, in spite of relatively slow earnings growth, the group should benefit from new drugs due to come into the market over the next three years. "It is not a stock to sell at this price," he added.

The paper and packaging area of the market provided two outstanding performers in Bunzl and David S. Smith, both of which responded to strong buy recommendations published by stockbrokers Credit Lyonnais Laing and Gerrard Vivian Grey.

Credit Lyonnais pinpointed both stocks as its best buys in the sector, saying that the recovery in the paper cycle could continue for five years. CLL focused on a favourable outlook of costs and said the earnings recovery potential of companies directly exposed to fluctuations in pulp and paper prices is far greater than for raw material converters.

News of the US acqusitions also helped Bunzl shares, which settled 4 ahead at 171p, after turnover 2.8m. David S. Smith closed 7 better at 499p.

Financial sectors of the market continued to reflect concerns that some of the big international trading houses have suffered substantial losses via the bond and equity markets in recent weeks.

The UK merchant banks remained under heavy pressure throughout the trading session, with SG Warburg, widely regarded as the UK's premier securities house, again roughly handled by marketmakers and finally a further 27 lower at 827p, after 823p. Over the last two trading sessions Warburg shares have fallen 61p, or 6.9 per cent.

Schroders non-voting shares gave up 23 more to 1090p, still unsettled by fears that the merchant bank may drop out of the FT-SE 100 index following next week's meeting of the FT-SE 100 steering committee.

Among other merchant banks Close Brothers, badly affected by the recent steep slide in markets, fell 17 more to 438p. Kleinwort Benson, regarded as one of the most successful trading houses during the upsurge in markets late last year, retreated 12 to 538p and Hambros lost 8 to 370p. Smith New Court, the big marketmaking firm, dipped 8 more to 394p.

The big UK clearing banks endured another tough trading session, but closed above the day's lowest levels. TSB was the sector's best performer, ending 3½ higher at 243p. Abbey National clopsed unchanged at 490p, sustained by the news tyat UK house prices rose by 2.2 per cent during February, the biggest monthly gain since 1988, according to the Halifax Building Society.

Barclays dropped 11 to 518p, Lloyds 7 to 576p and National Westminster 6 to 438p.

Shares in Serco, which reported bumper profits earlier this week, put on another 20 to 1470 as the market continued to appreciate the figures. Smiths Industries advanced 8 to 489p, after SG Warburg recommended the stock, while engineering group Siebe bounced 13 to 607p, ahead of today's presentation to both analysts and institutions at SG Warburg. Further reflection on GKN's figures reported on Wednesday saw the shares jump 11 to 547p.

The £25m disposal of assets and businesses in BBA's industrial materials activities helped the shares close 2 ahead to 216p. One market watcher said, "the group is highly geared and any reduction of gearing is to be welcomed."

Shares in photocopier leasing group Southern Business retreated 3 to 95p, after Danka Business, denied recent market speculation that it was in talks to acquire Southern. The latter's shares bounced 7 to 369p on the statement.

A trade press report that J. Sainsbury was restructuring its middle management concurred with analysts growing belief that the leading supermarket groups are knuckling down to cutting costs in the face of continuing margin pressure. The shares put on 5 to 367p. Tesco was steady at 226p and Kwik Save added 12 to 604p.

In a firm drinks sector, domestic brewers were led by Wolverhampton & Dudley, which galloped 23 to 517p, inspired by a director's share purchase the day before. There was further takeover talk surrounding Merrydown, the cider group, the shares appreciating 5 to 155p.

BP came under pressure, closing 34 off at 331p after turnover of 9.2m, with much of the selling still thought to have emanated from the US.

The exploration and production stocks, on the other hand, were good performers all day, with Enterprise Oil closing 6 better at 437p and Lasmo 2½ higher at 129p.

Shares in British Airways moved 3 ahead to 440p, after cargo traffic figures for the month of February showed a 10.5 per cent year-on-year increase.

After a strong advance in recent sessions, BAA succumbed to profit-taking and the shares lost 13 to 1002, in active trade of 2m.

Epwin Group, which produces PVC windows and doors, was one of the strongest performers among the second-liners after announcing a 51 per cent rise in prelimanary profits and a good rise in the dividend. At the close the shares were 17 higher at 317p.

The story that house prices had risen sharply during February prompted early strength in housebuilders, but this quickly petered out as the market came under pressure.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Steve Thompson.

■ Other statistics, Page 24

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (31).
BUILDING & CNSTRN (1) Mowlem (J), BLDG MATLS & MCHTS (1) Epwin, CHEMICALS (2) Croda Int'l., Wolstenholme Rink, DISTRIBUTORS (4) Adam & Harvey, Evans Halshaw, Norbain, Wholesale Fittings, ELECTRNC & ELECT EQUP (4) Eurotherm, Nokia Corp Prf., Philips, Vtech, ENGINEERING (3) Baynes (C) 5.8p Pf, Fenner, Record, EXTRACTIVE INDS (1) Malaysia Mining, HEALTH CARE (1) Isotron, LEISURE & HOTELS (3) Manchester United, Ramsden's (H), Stanley Leisure, MEDIA (1) Phonelink, OIL EXPLORATION & PROD (1) Ohio Resources, OTHER FINANCIAL (1) Quayle Munro, OTHER SERVS & BUSNS (2) Calderburn, UDO, PROPERTY (1) Cardiff Prop., RETAILERS, FOOD (1) Park Food, SUPPORT SERVS (4) Admiral, Computer People, Real Time Control, Serco.
NEW LOWS (11).
GILTS (1) Treas. 10pc 1994, INSURANCE (4) Abtrust Lloyds Insce., American Gen. Corp., Premium Trust, USF & G., INVESTMENT TRUSTS (4) Baring Emrg. Euro., Do Wrts., Johnson Fry Second Utls. Zero Pf., Thornton Pan-Euro. Zero Div Pf., LEISURE & HOTELS (1) Tomorrows Leisure, AMERICANS (1) NYNEX.

EQUITY FUTURES AND OPTIONS TRADING

Stock index futures rallied strongly in late trading, pulling the underlying cash market higher after a volatile session in which dealers continued to watch developments in the bond market, *writes Joel Kibazo.*

The March futures contract on the FT-SE 100 opened weakly at 3,250, selling from one of the large US houses being held largely responsible. At the day's low point, the contract was trading at 3,201, and at a large discount to cash.

However, short-covering led by independent traders brought a recovery, as did the firmness in European markets and encouraging US economic data. March closed at 3,233, an 8-point discount to cash, after volume of 17,233 contracts.

Turnover in the Liffe traded options fell back to 41,832 lots from Wednesday's total of 67,008.

The FT-SE Mid 250 March futures contract on the Liffe closed at 3,907 after trade of 36 lots. Open interest was 447. On the OMLX, the same contract also finished at 3,912, with 4 lots traded. Open interest on this contract was around 2,867. On the OMLX, volume in the traded options was seven contracts.

● In early editions of Thursday's FT, the volume in the Mid 250 on the Liffe was incorrectly stated. It should have read 36 contracts.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3250.0	3233.0	+6.0	3260.0	3201.0	17233	61645
Jun	3260.5	3245.0	+6.0	3262.0	3214.0	904	16510
Sep		3266.0	+6.0			0	490

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3915.0	3907.0	+7.0	3915.0	3900.0	36	447

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3910.0	3912.0	+2.0	3910.0	3902.0	4	2,867
Jun		3920.0					5

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3242) £10 per full index point

	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P
Mar	193	7½	149½	12	109	21½	71½	37	44	59½	23	90½	11	130½	4½	174
Apr	206	25	167½	38	132½	50½	101½	69	72½	90½	51½	119½	34½	153	22	190
May	234½	45	198	57½	161	71½	132	92	103	113½	88	140½	58½	169½	44	204½
Jun	248	55½	211½	68½	178	84½	148	104½	119½	125	97	153½	76½	182½	59½	215½
Dec†			287	122			225½	158			174	204½			128	258

Calls 8,347 Puts 6,857

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P
Mar	166½	10	124½	17	85½	27½	54½	46½	32½	72½	16	106½	7	147½	3	192½
Apr	187	30½	149	42½	115½	58½	86	78½	61½	104	42	134	27½	169	16½	206
May			176½	61			115	98			68	150½			35	216½
Jun			191½	73			132½	112½			86½	165			53	230
Sept†			234½	97			175	134½			125½	182½			87	241

Calls 608 Puts 2,291 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3950 C	3950 P	4000 C	4000 P	4050 C	4050 P	4100 C	4100 P	4150 C	4150 P	4200 C	4200 P	4250 C	4250 P	4300 C	4300 P
Mar	31½	73½	17	108	8	149½	3	195½	1½	243	1	292½	5		5	
Apr		102	47	132	32½	167	22	206	14		9½		7½		7	

Calls 0 Puts 7 Settlement prices and volumes are taken at 4.30pm.

FT - SE Actuaries Share Indices — The UK Series

	Mar 3	Day's chge%	Mar 2	Mar 1	Feb 28	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3246.5	—	3248.1	3270.6	3328.1	2904.8	3.69	5.67	21.50	10.46	1193.60
FT-SE Mid 250	3907.0	+0.1	3901.8	3944.6	3960.0	3087.9	3.15	4.93	24.96	11.37	1421.35
FT-SE Mid 250 ex Inv Trusts	3923.8	+0.2	3917.5	3959.5	3972.9	3100.4	3.24	5.27	23.55	11.26	1422.76
FT-SE-A 350	1647.8	—	1647.9	1660.9	1684.8	1433.6	3.56	5.60	22.22	5.19	1240.59
FT-SE SmallCap	2020.93	—	2021.92	2036.78	2043.99	1549.16	2.73	3.46	36.85	5.67	1537.54
FT-SE SmallCap ex Inv Trusts	2003.61	-0.1	2004.94	2018.53	2022.63	1553.04	2.86	3.79	34.40	5.23	1526.61
FT-SE-A ALL-SHARE	1639.98	—	1640.13	1653.13	1675.49	1415.75	3.50	5.35	22.87	5.13	1256.51

■ FT-SE Actuaries All-Share

	Mar 3	Day's chge%	Mar 2	Mar 1	Feb 28	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2539.33	+0.3	2531.51	2589.48	2588.63	2128.40	3.56	4.91	25.22	4.90	992.83
12 Extractive Industries(4)	3889.75	-0.1	3893.75	3978.07	3930.51	3194.70	3.21	4.69	25.22	0.00	1046.76
15 Oil, Integrated(3)	2451.10	+0.3	2443.01	2477.24	2509.46	2001.90	3.68	5.07	24.61	6.35	977.63
16 Oil Exploration & Prod(11)	1886.24	+1.1	1865.68	1881.61	1880.71	2047.80	3.17	3.81	33.74	0.00	1069.56
20 GEN MANUFACTURERS(264)	2124.98	+0.4	2116.04	2135.48	2158.73	1741.70	3.47	3.81	34.04	4.39	1059.87
21 Building & Construction(31)	1504.40	+0.2	1501.07	1514.06	1521.31	912.90	2.36	1.29	80.00†	2.18	1152.56
22 Building Matls & Merchs(30)	2260.55	+0.6	2247.57	2257.52	2270.88	1513.60	3.12	2.58	53.35	1.14	1035.76
23 Chemicals(20)	2409.71	+1.1	2382.59	2409.67	2422.47	2197.60	3.84	4.72	26.68	0.82	1035.62
24 Diversified Industrials(16)	2071.06	+0.4	2061.92	2082.31	2119.65	1891.60	4.29	4.30	30.20	10.94	1029.09
25 Electronic & Elect Equip(34)	2085.35	-0.3	2090.89	2104.08	2130.26	1686.00	3.53	5.84	20.86	2.28	991.55
26 Engineering(72)	1936.84	+0.4	1928.76	1951.48	1957.59	1459.30	2.82	2.89	47.20	4.06	1083.35
27 Engineering, Vehicles(12)	2384.87	+0.5	2371.90	2397.40	2392.87	1819.50	4.37	3.25	43.17	0.29	1121.13
28 Printing, Paper & Pckg(27)	2974.89	+0.4	2964.32	2998.78	3018.90	2333.50	2.73	4.15	29.14	1.80	1142.96
29 Textiles & Apparel(22)	1908.66	-0.2	1912.79	1928.86	1958.42	1887.00	3.43	5.19	24.13	1.32	1051.73
30 CONSUMER GOODS(93)	2902.06	+0.1	2899.03	2896.78	2931.28	2894.80	3.96	6.77	17.42	13.47	970.27
31 Breweries(17)	2263.72	+1.1	2239.19	2245.66	2293.03	2120.80	4.03	7.57	16.24	9.84	991.90
32 Spirits, Wines & Ciders(10)	3132.56	-0.2	3140.11	3104.44	3164.15	2836.10	3.38	5.85	19.96	19.93	1026.46
33 Food Manufacturers(23)	2399.18	+0.1	2395.62	2407.34	2437.27	2476.80	3.91	7.02	16.89	2.95	976.81
34 Household Goods(12)	2841.40	-0.5	2856.27	2885.76	2889.72	2408.60	3.02	6.46	17.93	0.00	992.30
36 Health Care(20)	1835.02	-0.2	1838.29	1844.30	1846.53	1806.90	2.94	5.18	23.02	1.46	1039.83
37 Pharmaceuticals(10)	3093.95	+0.3	3084.28	3117.78	3114.38	3303.40	4.15	6.75	17.34	24.70	958.63
38 Tobacco(1)	4005.79	-0.6	4030.96	3992.54	4035.15	3954.40	5.03	7.94	14.87	0.00	962.69
40 SERVICES(219)	2083.80	+0.2	2079.56	2091.24	2113.57	1800.60	2.82	5.40	22.50	4.12	1001.24
41 Distributors(31)	3104.10	+0.3	3094.61	3099.23	3123.24	2611.50	2.73	4.85	24.93	1.48	1049.19
42 Leisure & Hotels(22)	2297.51	—	2296.45	2290.85	2312.29	1780.50	3.11	4.96	24.27	11.69	1113.21
43 Media(38)	3219.58	+0.6	3199.09	3228.57	3262.53	2228.60	1.94	4.04	29.49	4.66	1096.97
44 Retailers, Food(17)	1809.69	+0.4	1803.77	1801.36	1829.54	2094.70	3.84	9.92	12.51	1.86	934.72
45 Retailers, General(43)	1737.87	—	1737.74	1755.26	1776.63	1472.40	2.74	5.33	23.52	4.18	909.16
48 Support Services(40)	1736.02	—	1738.71	1759.17	1770.17	1550.50	2.27	6.57	17.39	1.16	1035.37
49 Transport(16)	2622.29	+0.1	2620.17	2630.80	2649.05	2072.30	3.20	3.46	33.57	3.18	1006.74
51 Other Services & Business(12)	1313.52	+0.1	1312.20	1319.66	1322.61	1331.30	3.61	3.29	42.86	0.72	1105.37
60 UTILITIES(36)	2492.65	-0.3	2500.51	2519.49	2537.35	2131.60	4.01	7.00	17.65	5.60	932.25
62 Electricity(17)	2400.02	-0.1	2402.05	2425.98	2432.77	1682.10	3.45	10.32	11.91	15.85	969.33
64 Gas Distribution(2)	2103.46	-0.2	2107.40	2120.94	2148.48	2006.60	5.69	‡	‡	0.00	929.37
66 Telecommunications(4)	2210.49	-0.1	2212.87	2216.03	2238.46	1981.40	3.57	5.48	22.28	0.09	919.36
68 Water(13)	1862.50	-1.7	1895.25	1940.46	1941.68	1779.70	4.96	13.65	8.61	3.48	896.12
69 NON-FINANCIALS(630)	1765.77	+0.2	1762.94	1774.13	1791.59	1554.09	3.52	5.52	22.18	4.87	1215.25
70 FINANCIALS(105)	2363.74	-0.9	2384.22	2418.05	2499.41	1861.60	3.89	5.23	23.69	13.04	910.19
71 Banks(10)	3010.66	-0.9	3036.14	3087.95	3245.48	2315.70	3.47	5.00	25.08	22.08	877.87
73 Insurance(18)	1381.89	-1.1	1396.98	1402.76	1432.08	1324.60	4.62	7.76	15.05	9.04	917.76
74 Life Assurance(6)	2569.42	-1.3	2603.41	2602.29	2619.56	2550.10	4.54	4.73	26.59	0.00	943.98
75 Merchant Banks(6)	3026.00	-2.4	3100.07	3214.99	3277.57	2287.90	2.99	7.20	17.01	10.07	890.08
77 Other Financial(25)	2000.52	-0.3	2005.61	2053.50	2061.96	1359.80	3.23	5.41	23.25	10.19	1044.37
79 Property(40)	1769.75	+0.2	1766.78	1798.40	1802.08	1145.70	3.47	3.16	41.90	2.80	987.82
80 INVESTMENT TRUSTS(119)	2932.21	-0.1	2933.70	2975.43	2997.75	2257.90	2.18	1.75	57.15	10.16	972.04
89 FT-SE-A ALL-SHARE(854)	1639.98	—	1640.13	1653.13	1675.49	1415.75	3.50	5.35	22.87	5.13	1256.51

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3278.8	3255.0	3251.6	3253.8	3255.9	3245.2	3233.7	3232.6	3241.9	3278.6	3230.9
FT-SE Mid 250	3921.5	3914.0	3907.7	3906.5	3907.6	3907.8	3904.2	3903.1	3905.2	3921.5	3902.7
FT-SE-A 350	1661.7	1651.8	1649.9	1650.6	1651.5	1647.4	1642.6	1642.0	1645.9	1661.7	1641.5

Time of FT-SE 100 High 08.30 Low 13.40

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1451.4	1443.5	1444.9	1446.7	1445.5	1446.1	1445.8	1445.8	1444.8	1444.8	1439.5	+5.3
Pharmaceuticals	3084.3	3066.3	3074.4	3084.7	3081.6	3069.5	3058.4	3057.4	3065.0	3063.7	3054.0	+9.7
Water	1898.3	1888.8	1871.5	1846.6	1849.0	1848.6	1846.3	1847.2	1853.3	1857.8	1891.1	-33.3
Banks	3112.9	3086.3	3057.3	3065.6	3075.2	3053.7	3048.9	3039.9	3039.4	3047.6	3075.4	-27.8

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland Limited. The FT "500" has been renamed FT-SE-A Non-Financials Index. The FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.

† Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	20,000	58¼	
Abbey National†	2,100	490	
Albert Fisher	1,300	67	+½
Allied-Lyons†	858	622	
Anglian Water†	1,900	511	-9
Argos	683	352	+3
Argyll Group†	2,500	244	-8
Arjo Wiggins†	2,000	284	-1
Assoc. Brit. Foods†	160	553	-3½
[illegible]	[illegible]	[illegible]	[illegible]

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option	[illegible]
[illegible]	[illegible]

FT GOLD MINES INDEX

	[illegible]
[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	47	13	14
Other Fixed Interest	9	4	2
Mineral Extraction	64	58	85
General Manufactures	167	98	417
Consumer Goods	41	26	126
Services	112	76	333
Utilities	12	24	10
Financials	93	110	187
Investment Trusts	115	70	277
Others	36	51	38
Totals	696	530	1489

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	March 4	Last Declarations	June 2
Last Dealings	March 21	For settlement	June 13

Calls: Albert Fisher, Caverdale, Cons Murch, Dares Est, HSBC, Kunick, Micro Focus, Raglan Prop, Select Appt, Starmin, Vickers. Puts: Kewill Systems, Micro Focus. Puts & Calls: Aveeco, Medeva, Rhino.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
140	F.P.	253.0	176	163	Alpha Airports	168		RN4.03	2.2	3.0	19.2
150	F.P.	100.6	148	148	Chiroscience	148	-1	-	-	-	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renun. date	1993/94 High	Low	Stock	Closing price £	+or-
-	F.P.	-	95	90	Budgens 5pc Cv 2003	94	
-	F.P.	-	130p	119½p	Carlton Comm. 5.5p Cv. Pf.	122½p	+½
-	P.P.	14/3	56ppm	30ppm	GKN Units Cv Ln '94/99	39ppm	+9
100	F.P.	-	101¼p	96¾p	Shoprite 7⅞pc Prf 2009	98¾p	-¼
-	F.P.	-	131	107	Witan 6¼pc Bds	123½	

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993/94 High	Low	Stock	Closing price p	+or-
20	Nil	11/3	36pm	3pm	Beauford	3½pm	-½
92	Nil	11/4	12pm	11pm	Burford	12pm	+1
12	Nil	13/4	12½pm	10pm	Firth (GM)	12pm	-½
120	Nil	21/3	46pm	33pm	‡Grosvenor Inns	43pm	

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Mar 3	Mar 2	Mar 1	Feb 28	Feb 25	Yr ago	*High	*Low
Ordinary Share	2540.2	2531.8	2536.0	2564.1	2535.9	2256.3	2713.6	2124.7
Ord. div. yield	3.65	3.68	3.67	3.63	3.67	4.31	4.52	3.43
Earn. yld. % full	4.88	4.91	4.90	4.84	4.90	5.98	6.38	3.82
P/E ratio net	22.24	22.10	22.14	22.40	22.15	20.82	33.43	19.40
P/E ratio nil	23.18	23.04	23.08	23.35	23.09	19.34	30.80	18.14

*For 1993/94. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share Index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2553.2	2537.8	2539.0	2539.0	2539.4	2553.2	2526.0	2525.6	2531.9	2553.6	2523.7

	Mar 3	Mar 2	Mar 1	Feb 28	Feb 25	Yr ago
SEAQ bargains	27,428	32,987	28,740	33,844	39,356	35,907
Equity turnover (£m)†	-	1845.4	1723.7	1382.1	1679.5	1431.5
Equity bargains†	-	35,297	33,342	38,619	42,598	40,960
Shares traded (ml)†	-	659.3	653.3	585.6	681.5	582.7

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or –	1993/94 High	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£23¼	+⅛	£25¼	£16¾	6,460	4.5	12.3
ANZ A$		237½	+1	278¼	130	3,106	3.8	18.7
Abbey National		490	—	524	345	6,423	3.6	16.1
Allied Irish I£		299xd	+4	314	179	1,713	4.8	Φ
Anglo Irish I£		69	—	70	28	146.4	7.2	11.0
Asahi Y		729	+19¼	844	415	16,917	0.7	–
Banco Bil Viz Pta		£14¾	–⅛	£17½	£13⅛	3,205	5.8	6.4
Banco Sant Pta		£24⅝	—	£30	£24⅛	3,047	3.9	13.2
Bank Leumi (UK)		430xd	—	450	325	35.2	5.8	Φ
Bk Ireland I£		264	+3	319	177	1,244	4.7	19.5
Bank Scotland		210	–2	247	116½	2,444	2.8	20.5
9¼pc Pf		132	+½	141½	117¾	132.0	8.8	–
9¾pc Pf		138½	+½	148½	123½	138.5	8.8	–
Barclays		518	–11	592	362	8,407	3.0	–
Dai Ichi Kan Y		£12⅝	+⅛	£15⅜	£9⅞	38,152	0.4	69.4
Deutsche DM		£308⅝	+2⅝	£348¾	£250½	14,704	2.0	–
Espirito Santo		£22⅝	–⅛	£26⅝	£16½	250.5	3.4	5.6
First Nat Fin		82	–1	95	45	135.9	2.3	–
6.3pc Cv Pf		87	—	91	55	5.85	9.1	–
7pc Cv Pf		161	–1	172	106	78.4	6.4	–
Fuji Bank Y		1494¼	+22½	1691	878	42,121	0.4	–
HSBC HK		869	–7	1133	474	14,849	3.5	Φ
HSBC (75p Shs)		836	–8	1113	490	6,989	3.6	Φ
Lloyds		578xd	–7	690	482	7,401	4.8	12.1
Mitsubishi Y		£18⅜	+⅛	£20¼	£11⅞	52,489	0.3	–
Mits Tst & Bk Y		964½	+9¼	1027¼	482½	12,569	0.6	15.5
Mitsui Tst & Bk Y		758½	+9¼	852	374	9,863	0.7	25.8
Nat Aust A$		553¼	+5¼	628¼	322	7,279	4.3	13.5
NatWest		483xd	–6	534	390	8,027	4.8	13.3
Ottomane FFr		£30	–¼	£33	£23¼	150.0	5.0	8.8
Ryl Bk Scotland		494	–6	528	207	3,454	3.2	18.6
Sakura Y		£9⅝	+⅛	£11	£5¾	32,877	0.6	60.4
Sanwa Y		£12⅝	+⅛	£16	£7⅛	40,231	0.4	–
Standard Chartd		1129	–1	1437	576	2,789	2.3	–
7 3/8pc Prf		98¼xd	+¼	106½	94	98.8	9.5	–

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OIL, INTEGRATED - Cont.

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£17¼	—	£19½	£7½	1,090	4.0	14.8
Barlow		84½	+⅛	85⅛	£3⅜	818.6	7.9	7.5
Gold Fields SA R		£13⅞	+⅛	£18	£7¼	1,286	3.0	22.8
NK Props.	s	88	—	97	68	3.54	10.1	36.2
SASOL	♥	333	+3	337	215	1,886	4.7	–
SA Brews		£11⅜	+⅛	£15⅞	£7⅜	6,489	2.3	19.8
Tiger Oats		738	—	838	513	1,108	2.2	15.6
Tongaat-Hulett	†	468	-1	522	212	358.3	3.2	13.1

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ф Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
r Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring 081 770 0770 (open 24 hours including weekends) or fax 081 770 3822, quoting the code FT7351. [If calling from outside UK, dial +44 81 770 0770 or fax +44 81 770 3822] Reports will be sent the next working day, subject to availability. If faxing please remember to state the weekly changing FT code above and also your post code.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See *Monday's share price pages for details.*

An international service is available for callers outside the UK, annual subscription £250 stg.

Call 071-873 4378 (+44 71 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	166.0	167.5	178.3	-0.80	0.00
AIB Grofund Equity	5	240.4	243.0	257.2	+1.40	1.41
AIB Grofund Euro	5	195.5	197.1	207.0	+1.40	0.00
AIB Grofund Bal Balanced	3	117.8	119.2	123.9	-1.50	0.50
AIB Grofund Gilt	3	78.83	78.85	81.08	+0.20	4.27
AIB Grofund Japan	5	184.3	186.1	195.9	-2.30	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	480.7	482.5	513.1	+3.4	2.19
General Acc	5	533.6	535.5	569.7	+3.7	2.19
UK Growth Acc	6	357.9	362.7	388.9	+3.8	2.41
UK Growth Inc	6	250.7	254.0	270.3	+2.6	2.41
Higher Inc Acc	6	669.3	673.6	716.7	+5.3	3.37
Higher Inc Inc	6	398.6	404.1	429.9	+3.2	3.37
Gilts/Fxd Int Acc	5½	186.3	186.3	198.9	+2.0	5.77
Gilts/Fxd Int Inc	5½	94.06	94.06	99.37	+0.98	5.77
Nth America	6	251.3	257.1	273.6	-0.5	0.00
Far East	6	362.5	362.5	385.7	-6.7	0.00
Europe	6	266.9	268.0	285.2	-2.4	0.56
Brit Excell	6	71.99	71.99	76.59	+0.73	2.51
Brit Fodmills Acc	6	100.5	101.7	108.2	+0.7	4.19
Brit Fodmills Inc	6	76.12	77.18	82.11	+0.46	4.19
Global Opps	6	84.77	85.56	91.46	-0.15	0.00
Balanced Acc	6	54.07	54.77	58.27	+0.29	2.31
Balanced Inc	6	53.59	54.28	57.75	+0.29	2.31

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Extra Income	6	46.26	46.62	49.49	+0.33	7.33
Gilt & Fixed Int	5	134.4	134.4	142.6	+0.2	5.61
High Inc Equity	6	169.7	172.5	183.5	+0.9	3.97

Capel-Cure Myers UT Mngt Ltd - Contd.
Exempt Fund

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Yield	2	1360.00	1372.00	1415.00	+9.00	3.91
(Accum Units)	2	1630.00	1650.00	1702.00	+10.00	3.91

Capital House Unit Tst Mgrs (1200)F
Capital House, Festival Square, Edinburgh.
031-228 4477 Dealing 0800 833581

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth Tst	6	37.61	38.02	40.66	-0.03	0.21
American Gwth Tst Acc	6	37.63	38.28	40.90	-0.03	0.21
Cash Acc	0	61.80	61.80	61.80	+0.01	4.70
Do Income	0	50.55	50.55	50.55	+0.01	4.70
European Gwth	6	38.65	38.65	41.22	-0.49	0.37
Income & Gwth Acc	6	31.43	31.67	33.67	+0.3	3.50
Do Income	6	29.02	29.74	31.27	+0.27	3.50
Intnl Gwth	6	31.83	32.09	34.25	-0.06	0.54
Japan Gwth	6	28.64	28.69	30.60	-0.4	–
Managed Tst Acc	6	51.00	51.20	54.75	+0.41	1.51
Do Income	6	49.50	49.69	53.14	+0.4	1.51
Oriental Opps Acc	6	147.9	148.9	160.3	+0.1	–
Do Income	6	143.9	145.0	156.0	+0.3	–
Property Shares	6	48.93	48.64	52.02	+2.1	1.58
Smaller Cos	6	33.42	34.21	36.58	-0.03	1.45
UK Growth Tst	6	26.43	26.61	28.46	+0.22	2.65

Royal Scottish Assurance

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Roy Scot/Cap Hse Global Acc	6	77.35	77.79	83.19	+0.71	1.65
Do Income	6	72.35	72.70	77.81	+0.66	1.65
Roy Scot/Cap Hse UK Acc	6	73.23	73.62	78.73	-0.8	2.34
Do Income	6	67.99	68.34	73.08	-0.74	2.34

CH Unit Managers Ltd (formerly Brown Shipley)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
CH Mngd Euro Inc	6	25.83	26.08	27.47	+0.37	0.38
CH Mngd Europe Acc	6	26.48	26.64	28.40	+0.38	0.38
CH Financial	6	151.8	154.1	164.8	+3.1	1.89
CH Foundation	6	93.74	95.75	102.4	+0.7	2.15
CH German	6	48.91	49.01	52.41	+0.01	0.07
CH High Income	6	78.00	78.82	84.29	+0.04	6.22
CH Income	6	138.3	140.4	150.1	+2.4	3.39
CH Mngd Intl Growth	6	38.40	38.75	41.44	+0.26	0.18
CH Mngd Pfolio Inc	6	106.6	108.7	116.2	+1.9	1.58
CH Mngd Pfolio Acc	6	203.7	207.7	222.1	+3.6	1.59
CH Monthly Income	6	85.52	87.36	93.66	+2.27	3.11
CH Mngd Nth American	6	107.9	109.5	117.1	+2.2	–

Mercury Fund Managers Ltd (1000)H
33 King William St, EC4R 9AS. Dealing 071-280 2860

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5	204.3	204.3	217.2	(2)	0.00
(Accum Units)	5	218.3	218.3	232.1	(2)	0.00
American Opps	5	91.05	91.81	97.90	(2)	0.00
(Accum Units)	5	92.19	92.86	99.16	(2)	0.00
British Blue Chip	5	80.39	80.39	85.52	(2)	2.95
(Accum Units)	5	98.69	98.69	102.8	(2)	2.95
Cash *	0	100.5	100.5	100.5	(2)	4.79
(Accum Units) *	0	133.2	133.2	133.2	(2)	4.79
Emerging Markets	5½	133.0	133.6	144.0	–	0.00
(Accum Units)	5½	133.0	133.6	144.8	–	0.00
European Growth	5	243.1	243.1	258.4	(2)	0.82
(Accum Units)	5	261.7	261.7	278.1	(2)	0.82
European Income	5	84.90	84.90	90.17	(2)	2.70
(Accum Units)	5	111.2	111.2	118.1	(2)	2.70
General	5	527.6	527.6	562.4	(2)	2.15
(Accum Units)	5	1022	1022	1089	(2)	2.15
Global Bond	5	128.2	128.2	134.6	(2)	5.91
(Accum Units)	5	147.8	147.8	155.2	(2)	5.91
Govt Securities	3	95.77	95.77	98.74	(2)	7.20
(Accum Units)	3	177.4	177.4	182.9	(2)	7.20
Gold & General	6½	187.7	189.2	203.4	(2)	0.40
(Accum Units)	6½	191.9	193.3	207.9	(2)	0.40
Income	5	157.0	157.0	168.9	(2)	4.08
(Accum Units)	5	238.1	238.1	253.2	(2)	4.08
International	5	461.9	461.9	492.0	(2)	0.57
(Accum Units)	5	616.1	616.1	655.1	(2)	0.57
Japan	5	210.0	210.0	222.7	(2)	0.00
(Accum Units)	5	215.8	215.8	228.5	(2)	0.00
MAMPI Growth	6	102.1	102.1	108.7	–	1.37
(Accum Units)	6	102.1	102.1	108.7	–	1.37
MAMPI Income	6	97.24	97.24	104.3	–	4.19
(Accum Units)	6	97.34	97.24	104.3	–	4.19
New Europe	5½	178.4	178.5	188.0	–	1.38
(Accum Units)	5½	179.5	180.3	192.3	–	1.38
Pacific	5	137.9	138.2	148.5	(2)	0.56
(Accum Units)	5	148.6	148.1	158.0	(2)	0.56
Portfolio	5	83.08	83.08	88.33	(2)	2.58
(Accum Units)	5	95.38	95.38	101.3	(2)	2.58
Recovery	5	355.2	380.4	384.4	(2)	2.33
(Accum Units)	5	450.4	458.8	487.4	(2)	2.33
UK Smaller Co's	5	83.83	84.86	90.17	(2)	1.57
(Accum Units)	5	71.41	72.89	77.75	(2)	1.57

Institutional Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Sm Cos Equity	2	90.00	93.04	95.43	(2)	0.00
(Accum Units)	2	90.72	93.79	96.19	(2)	0.00
Long-Dated Stg Bond	5½	104.7	104.7	110.3	–	7.26
UK Equity	2	576.2	582.2	597.1	(2)	2.76
(Accum Units)	2	1104	1115	1144	(2)	2.76

Pembroke Administration Ltd (0900)F
18-19 Sandland St, London WC1R 4PZ. 071-430 0256

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Pembroke Growth	6	181.79	184.29	196.05	-1.36	1.53
Pembroke World Acc	6	76.20	78.29	83.29	-1.30	0.33
Pembroke Balanced	6	184.59	186.82	198.99	-2.09	2.63
Pembroke Income	6	110.51	110.82	118.15	-1.21	4.09

Perpetual Unit Tst Mngmt (1600)F
48 Hart Street, Henley on Thames 0491 417000

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
International Gwth	5½	611.84	613.84	658.52	-0.85	0.16
Income	5½	348.09	349.30	373.50	-0.84	2.67
W'wide Recovery	5½	388.17	388.58	415.59	-0.16	0.25
American Growth Inc	5½	229.52	229.80	245.89	+2.91	0.07
American Growth Acc	5½	229.52	229.80	245.89	+2.91	0.01
Intl Emerging Cos	5½	257.89	259.48	277.48	-1.32	0.01
Far Eastern Growth Inc	5½	303.72	307.82	329.22	-2.36	0.01
Far Eastern Growth Acc	5½	303.72	307.82	329.22	-2.36	0.01
European Gwth Inc	5½	140.10	140.10	149.84	+0.16	0.40
European Gwth Acc	5½	140.16	140.16	149.84	+0.16	0.40
UK Growth Inc	5½	87.27	87.88	93.75	-0.09	2.12
UK Growth Acc	5½	89.45	89.84	96.09	-0.09	2.12
High Income	5½	95.68	96.10	102.79	-0.18	3.39
Japanese Gwth Inc	5½	247.94	247.94	263.42	-3.71	0.01
Japanese Gwth Acc	5½	247.94	247.94	263.42	-3.71	0.01
PEP Growth	5½	121.08	121.50	129.85	-0.08	0.88
Asian Smllr Mkts Inc	5½	131.48	131.48	140.63	-3.69	0.01
Asian Smllr Mkts Acc	5½	131.48	131.48	140.63	-3.69	0.01
American Smllr Cos Inc	5½	140.02	140.02	149.76	+0.76	0.01
American Smllr Cos Acc	5½	140.02	140.02	149.76	+0.76	0.01
Global Bond	5½	59.97	59.97	63.20	+0.28	5.39
UK Smaller Cos Inc	5½	82.82	84.94	90.85	+0.04	0.88
UK Smaller Cos Acc	5½	85.01	87.18	93.25	+0.04	0.88

Exempt Funds

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Exempt ♣	5½	288.04	288.04	299.69	+2.11	2.14
Overseas Exempt ♣	5½	284.08	284.08	282.42	-2.32	0.01

Pilgrim Unit Trust Mngmt Ltd (0830)F
38 Pilgrim Street, Newcastle upon Tyne NE1 6RQ
Administration & Dealing:
Unit Trust Accounting & Management Ltd
1 White Hart Yard, London SE1 1NX 071-407 5966

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	6	107.42	108.55	116.54	-1.52	–
European	6	68.44	69.03	73.44	-1.02	0.00
Global	6	68.59	70.95	75.49	-1.05	–
Pacific	6	70.02	71.1	76.64	-1.47	0.05
UK Income & Growth	6	66.47	67.92	72.26	-0.79	1.86
UK Inc & Gwth Acc	6	71.76	73.55	78.04	-0.86	1.84

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ([illegible]) - 0001 to 1100 hours; ([illegible]) - 1101 to 1400 hours; ([illegible]) - 1401 to 1700 hours; ([illegible]) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

T.U. Fund Managers Limited (1200)H

MLA Tower, Addiscombe Road, Croydon

Templeton Unit Trust Managers Ltd (1200)F

20 Castle Terrace, Edinburgh EH1 2EH

Thornton Unit Managers Ltd (1200)F

33 Queen Street, London EC4R 1AX 071-248 3000

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth

Canada Life Group - Contd.

Century Life Plc

5 Old Bailey, London EC4M 7BA 071-332 5000

City Of Edinburgh Life Assurance

OTHER UK UNIT TRUSTS

INSURANCES

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Liver Assurance - Contd.				
Tax Exempt				
Tax Exempt Mgd	69.1	72.7	—	-
S-E-Banken Life Assurance Co Ltd				
149-151 High Rd, Chadwell Hth RM6 6PJ 081-597 7555				
Managed Fund	157.7	166.1	-1.4	-
Pension Mngd Fd	177.4	186.8	-2.0	-
Save & Prosper Group (z)				
16-22 Western Rd, Romford RM1 3LB 0708-766966				
Bal Inv Fd	779.4	815.3	-3.7	2.13
Covendale AG Bond Fd	162.7	172.2	-2.2	-
Deposit Fd†	380.9	382.0	—	5.75
Directors' Portfolio	84.9	89.9	—	-
Equity Pens Fd	195.2	206.6	+0.2	-
European Mngd Fd	67.9	71.9	-0.8	-
Gilt Fd	521.4	551.8	-3.2	7.82
Gilt Pens Fd	143.2	151.8	-1.1	7.28
Global Equity Fd	242.6	256.8	-2.8	-
Global Eq Pens Fd	240.7	254.8	-2.9	-
High Int Pens Fd††	132.5	140.3	—	3.47
Japanese Mngd Fd	97.1	102.8	-1.1	-
Managed Income Fd	50.6	53.6	+0.1	5.82
Man Pens Fd	200.9	212.6	-1.0	1.89
North American Mngd Fd	71.5	75.7	-0.1	-
Pacific Mngd Fd	87.5	92.6	-1.9	-
Property Fd*	100.4	105.3	—	5.87
Prop Pens Fd*	131.4	139.1	—	6.59
Thornton Lambert Managed	232.9	246.5	-2.2	-
UK Capital Portfolio	63.8	67.6	+0.1	-
UK Managed Gilt Fd	62.2	65.9	—	-

††Weekly dealings. *Fortnightly dealings

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Amicable				
150 St Vincent St, Glasgow 041-248 2323				
Life Funds (First Series)				
Managed	469.6	494.4	+1.80	-
Equity	587.1	618.0	+3.20	-
Property	286.9	302.0	+0.10	-
International	470.2	495.0	-0.70	-
Japanese	125.6	132.3	-1.40	-
Asia Pacific	195.0	205.3	-1.80	-
Skandia Life Assurance Co Ltd - Contd.				
Pension Managed Funds				
Skandia Cautious	159.6	167.9	-2.0	-
Skandia Balanced	600.9	632.5	-10.6	-
Skandia Ethical Selection	139.6	146.8	+0.1	-
Skandia Deposit	449.1	472.7	—	-
Abtrust Managed	144.5	152.1	-2.5	-
Baring Managed	166.3	174.0	-2.8	-
BZW/M Managed	132.6	139.5	-0.2	-
CU Managed	296.5	312.1	-4.4	-
Fidelity Managed	240.6	253.1	-3.4	-
Fleming Managed Inv Tst	161.6	170.1	-2.1	-
F & C Investment Trust	213.8	225.1	-4.7	-
Framlington Managed	374.2	393.8	-6.3	-
Gartmore Managed	399.1	420.1	-7.6	-
Henderson Managed	362.2	381.3	-5.5	-
Hill Samuel Managed	305.6	321.6	-4.8	-
Invesco Managed	284.1	299.0	-5.9	-
James Capel Core Mngd	160.1	168.5	-3.1	-
Kleinwort Benson Mngd	151.6	159.5	-2.5	-
Martin Currie Mngd	181.9	191.4	-1.5	-
Morgan Grenfell Mngd	184.6	194.3	-2.4	-
Murray Johnstone Mngd	167.4	176.2	-2.4	-
Perpetual Managed	275.6	290.0	-4.3	-
Schroder Managed	153.0	161.0	-2.7	-
Standard Life Assurance Company				
3 George St, Edinburgh EH2 2XZ 031-225 2552				
Managed	708.7	746.0	+1.5	-
Equity	1008.4	1061.5	+3.9	-
Fixed Interest	402.7	423.9	+6.2	-
Index-Linked	209.0	220.1	+2.0	-
International	628.4	661.5	-1.1	-
North American	145.6	153.6	+0.1	-
Far East	178.7	188.2	-1.7	-
European	168.3	177.2	+1.0	-
Property	340.1	358.0	-6.4	-
Cash	262.8	276.7	—	-
Pension Managed	994.7	1047.1	+2.7	-
Pension Stock Exchange	224.8	236.7	+0.6	-
Pension Equity	1453.5	1530.1	+5.1	-
Pension Fxd Int	545.3	574.0	+8.0	-

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)(**)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

JERSEY (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Greece Fund Ltd				
NAV Feb 28	$23.48		—	–
John Govett Management (Jersey) Ltd				
Paragon Fd NAV Feb 28	$10.30		—	–
Paragon Redemption	$9.99		—	–
Hungarian Inv Co Jan 31	$118.18		—	–
Govett Index Fund	$11.77	12.28	—	–
Taiwan Capital	$8.92	9.47	—	–
INVESCO International Limited				
All Funds deal daily except where indicated.				
American Equity Inc	£1.9100	2.0400	-0.0200	3.06
Japan Inc & Gwth	£2.1800	2.3530	+0.0330	1.42
Apollo Fd Mar 2	SFr113.00	121.58	-2.94	–
*Weekly Dealing. †Fortnightly Dlg. **Monthly Dlg.				
Jupiter Tyndall (Jersey) Ltd				
Gilt Fd	125.3	131.7	+0.1	7.50
(Accum Shares)	821.4	862.6	+1.0	7.50
Managed Currency Stlg	124	131	—	–
International	494	519	—	0.23
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust World Inv Port	23.193	3.364	-0.109	0.88
Dealing Weekly on Thursday				
Lombard Odier (Jersey) Ltd				
Fixed Income Funds				
Accumulating Classes				

	Init Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Cresvale Group (z)						
11 Rue Aldringen, L-1118 Luxembourg 071-367 6400						
Hedge Fund		$–	22.27		—	–
Hedge Fund US$ II		$–	20.11		—	–
Hedge (C)		£–	102.44		—	–
DB Investment Management SA						
2 Boulevard Konrad Adenauer, Lux 010 352 421011						
Eurorenta		DM–	85.68	88.29	—	–
Dollarrenta		$–	58.59	60.01	—	–
DM Reserve		DM–	158.66	163.35	—	–
Den norske Bank						
2 Boulevard Royal, Lux 010 352 4580 3271						
Dina Income Fund						
Dolphin Intl Investments (u) SICAV						
14 rue Aldringen, L-1118 Luxembourg						
Dresdnerbank Asset Mngmt SA (u)						
E.T. Investment Management Ltd						
13 Rue Goethe, BP 413, Luxembourg 010 352 4048461						
Eagle Star – Global Assets Fund (u)						
5 Rue Aldringen L-1118 Luxembourg						
UK Equity		£–	1.676	1.783	-0.001	4.00
All funds are denominated in Ecu. Prices quoted are Sterling equivalent						
EquiFund–Wright National Eqty Fd (u) (z)						
14 rue Aldringen, L-1118 Lux 010 352 47922524						

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

CURRENCIES AND MONEY

MARKETS REPORT

D-Mark moves lower

Foreign exchanges took a breather yesterday as a measure of calm returned to international equity and bond markets following panic selling earlier in the week, *writes Philip Gawith.*

Most observers, however, felt that what they were observing was a truce rather than any sort of a lasting peace. There remains a broad consensus that markets are not currently focusing on fundamentals.

Attention today will be anxiously focused on the release of key US employment data. It was the publication last month of a similar set of data that prompted market jitters.

Any signs of inflationary pressures will renew speculation of a further tightening of US monetary policy and lend support to the dollar.

Yesterday the Bundesbank council declined to shift any of its interest rates at its meeting. Earlier in the week it had lowered its repo rate by three basis points to 5.97 per cent. The Bank of Spain, however, cut its key money rate by 50 basis points to 8 per cent from 8.5 per cent.

■ The dollar fell sharply yesterday afternoon when a White House source said President Clinton would reinstate the Super 301 executive order permitting him to impose trade sanctions on Japan. It fell from a high of Y104.17 to Y103.50 before bouncing back to close in London at Y104.065.

This selling pressure also spread to the D-Mark/dollar rate with the dollar falling from DM1.7135 to DM1.7050 before closing at DM1.7088.

Analysts said the impact of this move would depend on whether Super 301 was reimposed immediately, or left as a sword hanging over Japan's head. Mr Gerard Lyons, chief economist at DKB International, commented: "Whichever way you look at it, the US is being very aggressive in terms of the bilateral trade situation. That has only one implication - that the yen will go stronger."

Mr Lawrence Summers, undersecretary for International Affairs of the US Treasury, said yesterday that it was wrong to say the trade war was escalating. He also said it was premature to discuss the timing of any trade action under Super 301.

Mr Paul Chertkow, head of global currency research at UBS, said the Clinton administration appeared to believe it crucial to be seen to be dealing effectively with Japan. If not, this potentially could spill over into similar troubles with other Far Eastern countries, especially China.

■ The D-Mark yesterday finished weaker across the board in Europe after news that the engineering union IG Metall had voted in favour of strike action. It finished in London at L984 from L990.2 against the Italian lira and at FFr3.4 from FFr3.408 compared to the French franc.

With the shock of the 20.6 per cent annualised growth in M3 in January still fresh in mind, and the IG Metall decision widely anticipated, it was hardly surprising that the Bundesbank council decided to leave its Lombard and Discount rates unchanged. It also made no comment on the terms of its next securities repurchase (repo) tender.

According to PaineWebber International, the Bundesbank has never changed its key lending rates at two successive meetings. The M3 number and the likely strike action also provided an inauspicious backdrop for a policy easing.

Yesterday the Bundesbank sought to limit the fall-out from M3's rise. Mr Otmar Issing, chief economist, told the Wall Street Journal that the M3 figure was "no reason to panic". He said the three basis point cut in the repo rate was a signal of where the Bundesbank was going.

Also following the cautious route was the Bank of France which left its intervention rate unchanged at 6.10 per cent at a securities repo, held to allocate funds for injection into the money market today.

■ More adventurous was the Bank of Spain whose rate cut was variously described as "brave", "sensible" and "very much a surprise". Mr Keith Edmonds, chief analyst at IBJ, said the Bank had two main reasons for acting: to stimulate the economy, which is in recession, and calm the bond markets, which were volatile earlier in the week.

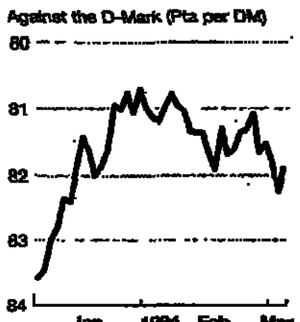
Mr Edmonds said the Spanish authorities had room to cut interest rates which, at 8 per cent, were still 2 points above German rates. He said this differential was probably sufficient to sustain the value of the currency. The peseta had been fairly weak recently at the 82 level against the D-Mark, the lowest since mid-January. It rose, however, after the rate cut to close in London at Pta 81.88 from Pta 82.25 on Wednesday.

■ Sterling yesterday had a quiet day with attention focused on the D-Mark. It was barely changed against the dollar at $1.495 and higher against the D-Mark finishing at DM2.5546 from DM2.5475.

The Bank of England provided the UK money market with £270m of unspecified late assistance, bringing total help for the day to £529m. This compared with its latest forecast of an £800m liquidity shortage, revised up from an earlier £750m.

Peseta

Against the D-Mark (Pta per DM)



Source: Datastream

■ **Pound in New York**

Mar 3	—Latest—	— Prev. close —
£ spot	1.4970	1.4970
1 mth	1.4951	1.4948
3 mth	1.4922	1.4915
1 yr	1.4855	1.4853

■ **OTHER CURRENCIES**

Mar 3	£	$
Hungary	154.925 - 155.127	103.650 - 103.700
Iran	2598.00 - 2604.00	1748.00 - 1750.00
Kuwait	0.4441 - 0.4450	0.2971 - 0.2976
Poland	31782.3 - 32221.0	21250.0 - 21550.0
Russia	2320.25 - 2321.25	1566.50 - 1567.50
U.A.E.	5.4903 - 5.5015	3.6710 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Mar 3		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.9761	+0.0787	693 - 828	18.0051	17.8399	17.9723	0.3	17.9667	0.2	-	-	113.3
Belgium	(BFr)	52.6521	+0.195	134 - 908	52.6908	52.4499	52.7121	-1.4	52.8021	-1.1	53.1371	-0.9	114.3
Denmark	(DKr)	9.9870	+0.002	827 - 912	10.0075	9.9601	9.9988	-1.4	10.0176	-1.2	10.0534	-0.7	114.5
Finland	(FM)	8.2809	-0.0544	720 - 897	8.3440	8.2490	-	-	-	-	-	-	81.6
France	(FFr)	8.6868	+0.0053	835 - 901	8.7036	8.6577	8.6965	-1.3	8.7108	-1.1	8.7444	-0.7	108.0
Germany	(DM)	2.5546	+0.0071	537 - 554	2.5624	2.5471	2.5568	-1.1	2.5599	-0.8	2.5641	-0.4	122.5
Greece	(Dr)	371.421	+2.019	134 - 707	371.851	369.342	-	-	-	-	-	-	-
Ireland	(I£)	1.0437	-0.0005	424 - 449	1.0489	1.0413	1.0448	-1.2	1.0467	-1.1	1.0544	-1.0	102.9
Italy	(L)	2514.54	-7.48	296 - 812	2522.91	2509.98	2521.99	-3.6	2535.93	-3.4	2591.54	-3.1	75.6
Luxembourg	(LFr)	52.6521	+0.195	134 - 908	52.6908	52.4499	52.7121	-1.4	52.8021	-1.1	53.1371	-0.9	114.3
Netherlands	(Fl)	2.8690	+0.0093	677 - 702	2.8732	2.8538	2.8699	-0.4	2.8704	-0.2	2.8642	0.2	117.9
Norway	(NKr)	11.0798	+0.0182	762 - 829	11.0996	11.0390	11.0739	0.6	11.0865	-0.2	11.0776	0.0	84.6
Portugal	(Es)	261.392	-0.24	124 - 660	261.800	260.217	262.367	-4.5	264.312	-4.5	-	-	-
Spain	(Pta)	209.219	-0.303	034 - 403	209.541	208.808	209.844	-3.6	210.914	-3.2	215.319	-2.9	84.7
Sweden	(SKr)	11.9530	-0.047	453 - 606	12.0207	11.9190	11.9755	-2.3	12.0095	-1.9	12.125	-1.4	75.8
Switzerland	(SFr)	2.1415	+0.0025	404 - 426	2.1483	2.1361	2.14	0.8	2.1364	1.0	2.1173	1.1	118.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	81.1
Ecu	-	1.3221	+0.0023	216 - 226	1.3236	1.3187	1.3238	-1.5	1.3264	-1.3	1.3332	-0.8	-
SDR	-	0.940938	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4942	-0.001	938 - 945	1.4970	1.4912	-	-	-	-	-	-	-
Brazil	(Cr)	997.909	+15.066	727 - 091	999.000	980.000	-	-	-	-	-	-	-
Canada	(C$)	2.0254	-0.0019	246 - 261	2.0277	2.0191	2.0232	1.3	2.0198	1.1	2.0179	0.4	89.0
Mexico	(New Peso)	4.8437	-0.0159	279 - 594	4.8802	4.8406	-	-	-	-	-	-	-
USA	($)	1.4950	-0.0003	947 - 952	1.4970	1.4912	1.4931	1.5	1.49	1.3	1.4835	0.8	66.1
Pacific/Middle East/Africa													
Australia	(A$)	2.1164	-0.0074	153 - 175	2.1181	2.1007	2.1149	0.9	2.1126	0.7	2.1106	0.3	-
Hong Kong	(HK$)	11.5528	-0.0025	501 - 555	11.5697	11.5247	11.5398	1.4	11.5344	0.6	11.4853	0.6	-
India	(Rs)	46.9863	+0.0391	635 - 091	47.0550	46.8770	-	-	-	-	-	-	-
Japan	(Y)	155.572	+0.559	509 - 635	156.270	154.860	155.202	2.9	154.432	2.9	151.217	2.8	188.0
Malaysia	(M$)	4.0711	+0.0092	693 - 729	4.0775	4.0579	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6239	-0.0047	223 - 255	2.6268	2.6028	2.6268	-1.3	2.6311	-1.1	2.6397	-0.6	-
Philippines	(Peso)	41.4102	-0.0083	537 - 666	41.5160	40.9998	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6056	-0.0016	041 - 070	5.6127	5.5920	-	-	-	-	-	-	-
Singapore	(S$)	2.3643	+0.0033	631 - 654	2.3664	2.3576	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.1856	+0.0131	836 - 876	5.1889	5.1650	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.9291	-0.0725	205 - 377	7.0060	6.8618	-	-	-	-	-	-	-
South Korea	(Won)	1206.21	+0.21	563 - 678	1207.33	1203.55	-	-	-	-	-	-	-
Taiwan	(T$)	39.5414	-0.0379	348 - 480	39.6300	39.4400	-	-	-	-	-	-	-
Thailand	(Bt)	37.8073	-0.0226	860 - 286	37.8590	37.7270	-	-	-	-	-	-	-

†SDR rate for Mar.2. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 3		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan Index
Europe													
Austria	(Sch)	12.0245	+0.055	220 - 270	12.0525	12.0005	12.0432	-1.9	12.0745	-1.7	12.102	-0.6	102.9
Belgium	(BFr)	35.2200	+0.1375	000 - 400	35.2800	35.1000	35.305	-2.9	35.44	-2.5	35.82	-1.7	104.0
Denmark	(DKr)	6.6805	+0.0027	787 - 822	6.6995	6.6712	6.6968	-2.9	6.7233	-2.6	6.8595	-2.7	103.2
Finland	(FM)	5.5392	-0.0353	342 - 442	5.5851	5.5283	5.5444	-1.1	5.5524	-1.0	5.5692	-0.5	75.9
France	(FFr)	5.8108	+0.0048	095 - 120	5.8265	5.7980	5.8247	-2.9	5.8463	-2.4	5.8948	-1.4	104.5
Germany	(D)	1.7088	+0.0051	085 - 091	1.7140	1.7044	1.7125	-2.6	1.718	-2.2	1.7284	-1.1	104.3
Greece	(Dr)	248.450	+1.4	300 - 600	248.980	247.300	252.05	-17.4	258.95	-16.9	288.45	-16.1	71.2
Ireland	(I£)	1.4324	+0.0005	309 - 339	1.4341	1.4257	1.429	2.8	1.4234	2.5	1.4057	1.9	-
Italy	(L)	1682.03	-4.66	125 - 280	1687.25	1681.25	1689.18	-5.1	1702.03	-4.8	1747.03	-3.9	76.0
Luxembourg	(LFr)	35.2200	+0.1375	000 - 400	35.2800	35.1000	35.305	-2.9	35.44	-2.5	35.82	-1.7	104.0
Netherlands	(Fl)	1.9191	+0.0066	186 - 196	1.9235	1.9102	1.9221	-1.9	1.9264	-1.5	1.9331	-0.7	103.6
Norway	(NKr)	7.4113	+0.0123	103 - 123	7.4300	7.3750	7.421	-1.6	7.44	-1.6	7.4503	-0.5	94.8
Portugal	(Es)	174.850	-0.125	700 - 000	175.200	174.000	175.77	-6.3	177.44	-5.9	183.15	-4.7	93.1
Spain	(Pta)	139.950	-0.175	850 - 050	140.300	139.780	140.545	-5.1	141.555	-4.6	145.15	-3.7	80.1
Sweden	(SKr)	7.9956	-0.0298	918 - 993	8.0410	7.9859	8.0211	-3.8	8.0601	-3.2	8.1741	-2.2	80.7
Switzerland	(SFr)	1.4325	+0.002	320 - 330	1.4385	1.4295	1.4332	-0.6	1.4338	-0.4	1.4273	0.4	105.1
UK	(£)	1.4950	-0.0003	947 - 952	1.4970	1.4912	1.4931	1.5	1.49	1.3	1.4835	0.8	89.8
Ecu	-	1.1308	-0.0022	305 - 310	1.1329	1.1283	1.1279	3.0	1.1234	2.6	1.1127	1.6	-
SDR	-	1.40689	+0.0044	689 - 689	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9995	-0.0005	994 - 995	1.0000	0.9994	-	-	-	-	-	-	-
Brazil	(Cr)	667.520	+10.21	510 - 530	667.530	667.470	-	-	-	-	-	-	-
Canada	(C$)	1.3548	-0.0011	545 - 551	1.3565	1.3530	1.3551	-0.3	1.3556	-0.2	1.3602	-0.4	85.3
Mexico	(New Peso)	3.2400	-0.01	300 - 500	3.2600	3.2300	3.2416	-0.6	3.2444	-0.5	3.255	-0.5	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	100.5
Pacific/Middle East/Africa													
Australia	(A$)	1.4157	-0.0047	152 - 162	1.4172	1.4061	1.4167	-0.9	1.4196	-1.1	1.4271	-0.8	86.4
Hong Kong	(HK$)	7.7279	-0.0001	274 - 284	7.7286	7.7270	7.7286	-0.1	7.7326	-0.2	7.7514	-0.3	-
India	(Rs)	31.4300	+0.0325	200 - 400	31.4875	31.3850	31.495	-2.6	31.63	-2.5	-	-	-
Japan	(Y)	104.065	+0.395	040 - 090	104.450	103.620	103.95	1.3	103.65	1.6	101.9	2.1	148.6
Malaysia	(M$)	2.7233	+0.0068	225 - 240	2.7265	2.7161	2.7173	2.6	2.7008	3.3	2.7733	-1.8	-
New Zealand	(NZ$)	1.7552	-0.0028	544 - 559	1.7582	1.7422	1.7568	-1.1	1.7613	-1.4	1.7755	-1.2	-
Philippines	(Peso)	27.7000	-	000 - 000	27.8500	27.5500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7497	-0.0003	493 - 500	3.7500	3.7493	3.7521	-0.8	3.7565	-0.7	3.7752	-0.7	-
Singapore	(S$)	1.5815	+0.0025	810 - 820	1.5820	1.5796	1.5815	0.0	1.5815	0.0	1.605	-1.5	-
S Africa (Com.)	(R)	3.4688	+0.0095	680 - 695	3.4695	3.4565	3.4831	-4.9	3.5121	-5.0	3.6093	-4.1	-
S Africa (Fin.)	(R)	4.6350	-0.0475	300 - 400	4.6800	4.6000	4.666	-8.0	4.73	-8.2	-	-	-
South Korea	(Won)	806.850	+0.3	600 - 100	807.900	806.700	809.85	-4.5	813.35	-3.2	831.85	-3.1	-
Taiwan	(T$)	26.4500	-0.02	500 - 500	26.4700	26.4500	26.5525	-4.7	26.7	-3.8	-	-	-
Thailand	(Bt)	25.2900	-0.01	800 - 000	25.3000	25.2800	25.36	-3.3	25.5	-3.3	25.64	-1.4	-

†SDR rate for Mar.2. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Mar.2. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar.3		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.97	16.50	4.853	1.991	4775	5.449	21.04	496.5	397.3	22.70	4.066	1.899	3.846	2.840	295.5	2.511
Denmark	(DKr)	52.72	10	8.698	2.558	1.049	2517	2.873	11.09	261.7	209.5	11.97	2.144	1.001	2.028	1.497	155.8	1.324
France	(FFr)	60.61	11.50	10	2.941	1.206	2894	3.303	12.75	300.9	240.8	13.76	2.465	1.151	2.331	1.721	179.1	1.522
Germany	(DM)	20.61	3.909	3.400	1	0.410	984.0	1.123	4.337	102.3	81.88	4.677	0.838	0.391	0.793	0.585	60.90	0.517
Ireland	(I£)	50.24	9.530	8.289	2.438	1	2399	2.738	10.57	249.4	199.6	11.40	2.043	0.954	1.932	1.427	148.5	1.261
Italy	(L)	2.094	0.397	0.346	0.102	0.042	100.	0.114	0.441	10.40	8.321	0.475	0.085	0.040	0.081	0.059	6.189	0.053
Netherlands	(Fl)	18.35	3.481	3.028	0.891	0.365	876.3	1	3.862	91.11	72.92	4.165	0.746	0.349	0.706	0.521	54.23	0.461
Norway	(NKr)	47.52	9.014	7.840	2.306	0.946	2269	2.589	10	235.9	188.8	10.79	1.932	0.903	1.828	1.349	140.4	1.193
Portugal	(Es)	20.14	3.821	3.323	0.977	0.401	961.7	1.098	4.239	100.	80.03	4.572	0.819	0.383	0.775	0.572	59.53	0.506
Spain	(Pta)	25.17	4.774	4.152	1.221	0.501	1202	1.371	5.296	125.0	100.	5.712	1.023	0.478	0.968	0.715	74.38	0.632
Sweden	(SKr)	44.06	8.357	7.269	2.138	0.877	2104	2.401	9.272	218.7	175.1	10	1.792	0.837	1.695	1.251	130.2	1.106
Switzerland	(SFr)	24.59	4.665	4.057	1.193	0.489	1174	1.340	5.175	122.1	97.71	5.582	1	0.467	0.946	0.698	72.68	0.617
UK	(£)	52.65	9.987	8.687	2.555	1.048	2514	2.869	11.08	261.4	209.2	11.95	2.141	1	2.025	1.495	155.6	1.322
Canada	(C$)	26.00	4.932	4.290	1.262	0.518	1241	1.417	5.472	129.1	103.3	5.901	1.057	0.494	1	0.738	76.84	0.653
US	($)	35.22	6.680	5.811	1.709	0.701	1682	1.919	7.411	174.8	139.9	7.993	1.432	0.669	1.355	1	104.1	0.884
Japan	(Y)	338.4	64.18	55.83	16.42	6.735	16157	18.44	71.21	1680	1344	76.80	13.76	6.427	13.01	9.608	1000.	8.496
Ecu		39.83	7.554	6.571	1.933	0.793	1902	2.170	8.381	197.7	158.2	9.039	1.620	0.756	1.532	1.131	117.7	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5861	0.5836	-0.0026	0.5863	0.5835	47,821	117,084
Jun	0.5828	0.5807	-0.0025	0.5832	0.5805	2,645	17,068
Sep	-	-	-	-	-	-	-

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6977	0.6955	-0.0029	0.6968	0.6953	23,125	44,363
Jun	0.6966	0.6952	-0.0029	0.6966	0.6950	1,750	7,842
Sep	0.6965	0.6960	-0.0024	0.6970	0.6960	11	91

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9607	0.9614	+0.0010	0.9654	0.9580	30,296	89,212
Jun	0.9640	0.9652	+0.0009	0.9665	0.9622	3,606	10,718
Sep	-	0.9710	-	0.9710	-	217	1,109

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4964	1.4926	-0.0032	1.4964	1.4906	17,938	33,969
Jun	1.4920	1.4880	-0.0030	1.4920	1.4856	4,373	13,724
Sep	-	1.4870	-	-	1.4850	6	462
Dec	-	1.4810	-	-	1.4810	1	12

EMS EUROPEAN CURRENCY UNIT RATES

Mar 3	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.790804	-0.001065	-2.20	5.12	15
Netherlands	2.19672	2.17249	+0.00437	-1.10	3.95	-
Belgium	40.2123	39.8448	+0.0708	-0.91	3.75	7
Germany	1.94964	1.93522	+0.00378	-0.74	3.57	-
France	6.53883	6.58279	-0.00216	0.67	2.12	-8
Denmark	7.43679	7.56879	-0.01428	1.77	1.01	-12
Portugal	192.854	197.868	-0.811	2.60	0.20	-17
Spain	154.250	158.576	-0.6	2.80	0.00	-20
NON ERM MEMBERS						
Greece	264.513	280.994	+0.873	6.23	-3.23	-
Italy	1793.19	1907.73	-11.26	6.39	-3.37	-
UK	0.786749	0.758890	-0.001414	-3.54	6.58	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a week currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Mar	Apr	May	PUTS Mar	Apr	May
1.400	9.10	9.01	9.03	0.02	0.03	0.22
1.425	6.65	6.73	6.91	0.03	0.19	0.52
1.450	4.21	4.61	4.96	0.05	0.56	1.05
1.475	2.03	2.83	3.32	0.28	1.27	1.90
1.500	0.55	1.57	2.11	1.29	2.45	3.07
1.525	0.06	0.76	1.24	3.22	4.08	4.68

Previous day's vol., Calls 12,631 Puts 13,343 Prev. day's open int., Calls 608,843 Puts 555,711

WORLD INTEREST RATES

MONEY RATES

March 3	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	-	6⅝	6⅝	6⅝	6½	7.40	5.00	-
week ago	-	6½	6⅝	6⅝	6⅝	7.40	5.25	-
France	6⅝	6⅝	6½	6⅝	6½	6.10	-	7.75
week ago	6⅝	6⅞	6⅝	6½	5⅞	6.1	-	7.75
Germany	6.05	6.07	5.88	5.72	5.52	6.75	5.25	5.97
week ago	6.08	6.05	5.85	5.65	5.37	6.75	5.25	5.97
Ireland	6¼	6⅛	6⅛	6⅛	6⅛	-	-	6.75
week ago	5¾	5⅞	5⅞	5¾	5¾	-	-	6.75
Italy	8½	8⅝	8⅝	8⅝	8⅝	-	8.00	8.92
week ago	8½	8½	8½	8½	8½	-	8.00	8.92
Netherlands	5.59	5.48	5.32	5.25	5.20	-	5.25	-
week ago	5.61	5.50	5.32	5.19	5.03	-	5.25	-
Switzerland	4⅜	4¼	4⅜	4⅛	4⅛	6.625	4.00	-
week ago	4¼	4¼	4⅜	4⅛	4	6.625	4.00	-
US	3⅜	3½	3¾	4	4¼	-	3.00	-
week ago	3¼	3⅜	3½	3¾	4⅛	-	3.00	-
Japan	2⅛	2¼	2¼	2⅛	2⅛	-	1.75	-
week ago	2⅛	2¼	2¼	2⅛	2⅛	-	1.75	-
■ **$ LIBOR FT London**								
Interbank Fixing	-	3¾	3⅞	4⅛	4½	-	-	-
week ago	-	3½	3¾	4	4⅜	-	-	-
US Dollar CDs	-	3.46	3.65	3.89	4.26	-	-	-
week ago	-	3.32	3.50	3.75	4.13	-	-	-
SDR Linked Ds	-	3⅞	3⅞	3⅞	4	-	-	-
week ago	-	3⅞	3⅞	3⅞	3⅞	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 6⅛; 6 mths: 6⅛; 1 year: 6⅛. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 3	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	6 7/16 - 6 5/16	6 7/16 - 6 5/16	6 7/16 - 6 5/16	6⅜ - 6¼	6⅜ - 6¼	6 5/16 - 6 3/16
Danish Krone	6¼ - 5¾	6½ - 6	6½ - 6	6 7/16 - 6 5/16	6 5/16 - 5 13/16	5⅞ - 5⅝
D-Mark	6 3/16 - 6 1/16	6 3/16 - 6 1/16	6⅛ - 6	5 31/32 - 5 27/32	5¾ - 5⅝	5 9/16 - 5 7/16
Dutch Guilder	5⅝ - 5½	5 9/16 - 5 7/16	5½ - 5⅜	5 7/16 - 5 5/16	5¼ - 5⅛	5 3/16 - 5 1/16
French Franc	6 7/16 - 6 5/16	6 7/16 - 6 5/16	6⅜ - 6¼	6 5/16 - 6 3/16	6 1/16 - 6 1/16	6 1/16 - 5 15/16
Portuguese Esc.	10 - 9¾	10¼ - 9¾	10⅛ - 9¾	9 13/16 - 9⅝	9⅞ - 9⅜	9⅝ - 9¼
Spanish Peseta	8¼ - 8 1/16	8 11/16 - 8½	8 5/16 - 8⅛	8½ - 8 3/16	8 7/16 - 8¼	8 5/16 - 8⅛
Sterling	5 - 4⅞	5 1/16 - 4 15/16	5 3/32 - 5 1/32	5 3/16 - 5 1/16	5 5/16 - 5 3/16	5 9/16 - 5 7/16
Swiss Franc	4½ - 4⅜	4½ - 4⅜	4⅜ - 4¼	4¼ - 4⅛	4 1/16 - 3 15/16	3 15/16 - 3 13/16
Can. Dollar	3¾ - 3½	3 13/16 - 3 9/16	3 15/16 - 3 13/16	4 - 3⅞	4⅜ - 4¼	4⅞ - 4¾
US Dollar	3⅜ - 3¼	3 7/16 - 3 5/16	3 9/16 - 3 7/16	3⅞ - 3¾	4 1/16 - 3 15/16	4½ - 4⅜
Italian Lira	9 - 7½	8⅝ - 7⅞	8½ - 8	8½ - 8	8⅜ - 8	8¾ - 8⅜
Yen	2⅛ - 2 1/16	2 3/16 - 2⅛	2 11/32 - 2 7/32	2 9/32 - 2 7/32	2 9/32 - 2 7/32	2 13/32 - 2 9/32
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.84	93.83	-	93.87	93.80	17,818	83,967
Jun	94.25	94.22	-	94.30	94.19	28,235	78,333
Sep	94.40	94.42	+0.05	94.45	94.36	14,907	42,689
Dec	94.48	94.52	+0.08	94.54	94.44	20,556	30,785

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.17	96.15	+0.01	96.17	96.16	480	5497
Jun	95.74	95.72	-	95.75	95.72	405	4567
Sep	95.39	95.37	-	95.39	95.37	100	2441
Dec	94.96	94.96	-	94.96	94.95	100	1514

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.17	94.17	+0.02	94.20	94.14	35947	172066
Jun	94.55	94.52	-0.01	94.55	94.48	48757	233953
Sep	94.73	94.72	-	94.73	94.65	36449	175171
Dec	94.82	94.82	+0.02	94.82	94.74	41343	181148

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	91.50	91.62	+0.14	91.71	91.50	6857	32110
Jun	91.72	91.92	+0.20	92.02	91.72	12765	55664
Sep	91.95	92.17	+0.25	92.17	91.91	4372	22548
Dec	92.03	92.27	+0.28	92.27	92.00	4726	34605

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.94	95.93	-0.02	95.98	95.90	4073	23686
Jun	96.08	96.10	+0.04	96.12	96.04	5098	29502
Sep	96.07	96.13	+0.04	96.14	96.07	965	7171
Dec	96.01	96.08	+0.04	96.09	96.01	89	3963

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.62	93.66	+0.04	93.67	93.61	1225	11743
Jun	94.01	94.01	+0.03	94.03	93.95	1809	11432
Sep	94.15	94.21	+0.04	94.20	94.15	482	9590
Dec	94.23	94.30	+0.05	94.31	94.23	893	6689

* LIFFE futures traded on APT

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.16	96.16	+0.01	96.17	96.15	104,268	315,283
Jun	95.73	95.74	+0.02	95.76	95.71	236,733	448,532
Sep	95.39	95.38	+0.01	95.41	95.36	186,937	368,060

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	-	96.53	+0.02	-	-	4,416	4,840
Jun	96.19	96.17	-	96.19	96.16	9,470	27,902
Sep	95.85	95.85	+0.01	95.86	95.84	514	5,388

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9400	0.18	0.54	0.77	0.01	0.02	0.05
9425	0.04	0.34	0.56	0.12	0.07	0.09
9450	0.01	0.18	0.38	0.34	0.16	0.16

Est. vol. total, Calls 7348 Puts 2864. Previous day's open int., Calls 301932 Puts 193533

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9575	0.19	0.39	0.44	0.01	0.04	0.06
9600	0.02	0.19	0.26	0.09	0.09	0.13
9625	0.01	0.07	0.13	0.33	0.22	0.25

Est. vol. total, Calls 0 Puts 200. Previous day's open int., Calls 2219 Puts 3643

UK INTEREST RATES

LONDON MONEY RATES

Mar 3	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 - 4½	5⅛ - 4 15/16	5⅛ - 5	5 3/16 - 5 1/16	5 5/16 - 5 3/16	5 9/16 - 5 7/16
Sterling CDs	-	5 3/32 - 4 31/32	5 3/32 - 4 31/32	5 5/32 - 5 1/32	5 9/32 - 5 5/32	5 17/32 - 5 13/32
Treasury Bills	-	-	4⅞ - 4 13/16	4¾ - 4⅝	-	-
Bank Bills	-	-	4⅞ - 4 13/16	4⅞ - 4 13/16	4⅞ - 4 13/16	-
Local authority deps.	4 9/16 - 4 7/16	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5 1/16 - 4 15/16	5⅛ - 5	5 3/16 - 5 1/16
Discount market deps.	5¾ - 4⅝	5 - 4⅞	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.7129pc. ECGD fixed rate Stlg. Export Finance. Make up day February 28, 1994. Agreed rate for period Mar 26, 1994 to Apr 25, 1994, Schemes II & III 6.50pc. Reference rate for period Feb 1, 1994 to Feb 28, 1994, Schemes IV & V 5.265pc. Finance House Base Rate 5½pc from Mar 1, 1994

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.84	94.84	+0.01	94.86	94.81	9833	64393
Jun	94.90	94.87	-	94.92	94.84	15568	111060
Sep	94.75	94.73	+0.01	94.77	94.70	8164	70406
Dec	94.55	94.53	+0.01	94.57	94.50	12921	104345

Traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	Jun	Sep	PUTS Mar	Jun	Sep
9475	0.11	0.19	0.23	0.02	0.07	0.25
9500	0.01	0.07	0.12	0.17	0.20	0.39
9525	0	0.02	0.05	0.41	0.40	0.57

Est. vol. total, Calls 3016 Puts 2655. Previous day's open int., Calls 202225 Puts 181194

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.25	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.25
Bank of India	5.25	Heritable & Gen Inv Bk.	5.25	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Yorkshire Bank	5.25
Barclays Bank	5.25	C. Hoare & Co	5.25		
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

WORLD STOCK MARKETS

EUROPE

AUSTRIA (Mar 3 / Sch)

BELGIUM/LUXEMBOURG (Mar 3 / Frs.)

DENMARK (Mar 3 / Kr)

FINLAND (Mar 3 / Mks)

FRANCE (Mar 3 / Frs.)

GERMANY (Mar 3 / Dm.)

ITALY (Mar 3 / Lire)

NETHERLANDS (Mar 3 / Fl.)

NORWAY (Mar 3 / Kroner)

SPAIN (Mar 3 / Pts.)

SWEDEN (Mar 3 / Kronor)

SWITZERLAND (Mar 3 / Frs.)

PACIFIC

JAPAN (Mar 3 / Yen)

HONG KONG (Mar 3 / H.K.$)

MALAYSIA (Mar 3 / MYR)

SINGAPORE (Mar 3 / S$)

AUSTRALIA (Mar 3 / Aust.$)

NORTH AMERICA

CANADA

TORONTO (Mar 3 / Can $)

4 pm close

MONTREAL (Mar 3 / Can $)

4 pm close

AFRICA

SOUTH AFRICA (Mar 3 / Rand)

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are 1993-94, except Toronto & Montreal (daily). # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. (A) Owing to technical problems at source, some French prices may be pre-close.

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■ TOKYO - MOST ACTIVE STOCKS: Thursday, March 3, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Itochu	6.0m	697	-1	Kawasaki Steel	4.0m	353	-7
Isuzu Motors	5.3m	426	+1	Tomen Corp	3.8m	416	+11
Furukawa Elec	5.2m	706	-5	Matsushita El Ind	3.5m	1,690	-50
NKK	4.8m	250	-9	Mitsubishi Hvy	3.4m	704	+3
Hitachi	4.3m	927	-17	Nippon Steel	3.4m	338	-8

INDICES

	Mar 3	Mar 2	Mar 1	1993/94 High		1993/94 Low	
Ireland							
ISEQ Overall(4/1/88)	1855.47	1889.58	1913.57	2062.16	20/1/94	1191.19	11/1/93
Italy							
Banca Comm Ital (1972)	649.68	639.35	649.24	688.03	18/2/94	448.33	8/1/93
MIB General (4/1/94)	1038.0	1022.0	1036.0	1102.00	18/2/94	844.00	10/1/94
Japan							
Nikkei 225 (16/5/49)	19805.86	19744.77	20218.62	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	295.32	298.07	304.25	308.84	10/11/93	249.64	29/11/93
Topix (4/1/68)	1602.33	1615.94	1645.48	1698.67	3/9/93	1250.06	25/1/93
2nd Section (4/1/68)	2187.52	2195.57	2206.22	2384.97	7/6/93	1851.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	1070.58	1086.25	1113.41	1314.46	5/1/94	614.29	13/1/93

	Mar 3	Mar 2	Mar 1	1993/94 High		1993/94 Low	
JCapelDrgns (31/12/88)	(u)	325.87	332.54	395.19	5/1/94	188.82	4/1/93
Barings Emerg.(7/1/92)	162.67	164.16	168.68	182.72	14/2/94	98.81	4/2/93

US INDICES

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Mar	2170.0	2162.0	+7.0	2182.0	2148.0	28,805	55,147
Apr	2180.0	2172.0	+7.0	2187.0	2170.0	179	1,690
Jun	2167.0	2159.0	+7.0	2174.0	2156.5	733	4,539

Open interest figures for previous day.

■ NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Change on day
Telefonos	7,136,000	67⅝	+1
Gen Motors	4,914,700	60⅝	+2¼
Chicorp	3,937,300	39⅝	-¾
Chrysler	3,552,900	57⅝	+1
ATT	3,504,200	51⅝	-½
West Dig	3,388,000	18	+2⅛
Ford Motor	3,229,400	63⅝	+1⅝
Philip Morris	3,112,500	55⅝	+⅜
Amer Express	2,847,400	28⅝	-⅛
Merck	2,939,300	32	+¾

■ TRADING ACTIVITY

● Volume (million)

	Mar 2	Mar 1	Feb 28
New York SE	361.125	300.028	268.137
Amex	24.740	17.084	18.449
NASDAQ	(u)	307.308	287.547
NYSE			
Issues Traded	2,768	2,765	2,752
Rises	771	711	1,449
Falls	1,425	1,425	731
Unchanged	570	629	572
New Highs	25	42	87
New Lows	176	87	49

** Sat Feb 26. Taiwan Weighted Price 5590.27; Korea Comp Ex 928.31. Base values of all indices are 100 except Australia All Ordinary and Mining - 500, Austro Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7, JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto (c) Closed (u) Unavailable. ‡ IBIS/DAX after-hours index: Mar 3 - 2044.45 +25.76

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation.

4 pm close March 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1993/94 High	Low	Stock	Div	Yld. %	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅝	11½	AAR	0.48	3.0	533	455	16	15⅞	16	
29⅞	12¾	A L Labs A	0.18	1.2	34	555	15	14⅞	15	+⅛
67¼	54⅝	AMP	1.68	2.6	22	4877	64¾	64¼	64½	+½
72¾	55½	AMR			29	5645	62⅝	60½	60¾	-1⅛
5	1¾	ARX			15	109	4⅝	4½	4½	+⅛
56⅛	29⅞	ASA	2.00	4.4	30	336	45¾	45⅛	45⅝	+⅛
30¾	22⅝	AbbtL	0.76	2.8	15	12723	27⅛	26⅛	26¾	-⅜
13⅛	8¼	Abitibi Pr	0.50	4.0	8	18	12½	12⅜	12½	-⅛
15⅝	8¼	Acptocein			22	18	12⅛	11⅞	12⅛	+⅜
36	25½	ACE Ltd	0.40	1.5	4	1898	26¾	26⅜	26¾	+¼
12⅝	10¾	ACM Gvt In x	1.08	9.4		405	11¾	11½	11⅝	-⅛
10⅛	8¾	ACM GvOpp x	0.60	8.7		22	9⅛	9⅛	9⅛	
10⅝	8¾	ACM Gvt Sp x	0.96	10.1		297	9⅝	9⅜	9½	+⅛
12¾	10½	ACM Gvt Se x	1.09	10.2		395	10⅞	10¾	10¾	-¼
12¼	9⅝	ACM Mgn x	1.08	9.9		62	11	10¾	10⅞	
9⅜	8⅝	ACM Managd x	0.72	8.2		297	9	8¾	8¾	-⅛
12⅜	7¾	AcmeCh	0.44	4.5	12	584	10	9⅝	9¾	+¼
11⅜	6⅞	Acme Elect			34	31	7⅞	7¾	7⅞	+⅛
27⅝	18⅛	Acordia	0.60	2.2	13	79	27⅜	27⅛	27⅛	-⅛
9¼	6⅝	Actava	0.36	5.1	14	1871	7½	6¾	7	-1⅜
16	10⅜	Acuson			93	370	12¼	11⅞	12⅛	+⅛
21¾	17½	Adams Expr	0.36	2.0	0	79	17¾	17⅝	17⅝	
68¼	45½	Ad Micro x	3.00	5.7		105	52¾	50¾	52¾	+2¼
32¾	16¾	AdvMic	3.00	12.8	10	11963	23¾	21¾	23½	+1⅞
8⅛	5½	Advest Grp	0.16	2.5	10	21	6½	6⅜	6½	
24¾	14¾	Advo Inc	0.10	0.5	136	64	19	18⅝	19	
58½	41⅛	Aegon ADR	1.23	2.5	11	13	50	49⅞	49⅞	-1⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Continued on next page

4 pm close March 3

NYSE COMPOSITE PRICES

Continued from previous page

1993/94 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
24¾	13⅛	SftyKl	0.36	2.4	8	874	15⅛	14⅞	14⅞	-¼
24⅞	10⅞	Safeway			25	4502	u26¼	24⅞	25⅝	+¾
6⅞	2	SafewayW96				1902	u6¼	5⅞	6	+¼
55½	37½	StJoePaper	0.20	0.4	278	16	52⅞	52½	52⅝	-⅛
37⅞	28	StJoeL&P	1.80	6.2	14	36	29⅜	29	29¼	+¼
98	75	StPaul	3.00	3.7	8	1094	81⅞	81¼	81¼	-½
11⅞	6⅛	Salant Cp			10	344	8⅜	7⅞	8⅜	+½
75¼	39⅞	Sallie Mae x	1.40	3.2	9	1932	44⅞	44⅛	44⅛	-½
14⅜	12⅝	Salomon Br	0.34	2.5		254	13½	13⅜	13⅜	
51⅞	34	Salomon	0.64	1.3	6	10566	49⅛	48¾	49⅛	+⅛
27¾	22⅜	SnDgGE	1.52	6.6	12	1789	23¼	23	23⅛	
11⅞	8⅜	SantaFeERs	0.16	1.7	9	991	9⅞	9⅛	8⅞	+¼
40¾	35¾	SantaFePac	2.80	7.0	18	45	39⅞	39⅝	39¾	
26¼	12¾	SanFeP	0.10	0.4	12	5779	23⅛	22¾	23⅛	+⅜
31⅛	21	SaraLee x	0.84	3.0	14	8930	22⅛	21½	21½	-½
52¼	40⅛	Scana Corp	2.82	6.2	12	238	45⅞	45⅝	45¾	-¼
25¾	17¾	Scecrp x	1.42	7.8	12	4504	18¼	18⅛	18⅛	-¼
40½	23⅞	SchererRP			29	567	39	38¼	38½	+⅛
71	51¾	SchrPl	1.80	3.1	13	5498	58⅞	57⅞	58⅛	-⅝
68⅞	54⅝	Schlmb	1.20	2.1	23	3440	57⅜	55¾	56¾	-⅝
38⅞	16½	Schwab(C)	0.28	1.0	12	1779	27⅛	26⅝	26¾	-¼
9⅝	5⅝	Schwitzer			25	118	9⅜	9	9	-⅜
38⅞	17¾	SciAtl	0.12	0.4	55	6063	27¾	26	27⅝	+1⅜
16⅞	9⅛	Scotsman	0.10	0.7	13	49	14⅝	14⅜	14⅝	+⅛
19½	14⅝	TNP Enterp x								
77⅜	52½	TRW								
25⅞	5⅛	T2 Medcl								
39¾	17⅛	Taiwan Fd								
8	3⅛	Talleyind								
14½	6½	Talley Pf								
65	39½	Tmbrds x								
16⅝	8½	Tandem								
60¾	24⅝	Tandy								
13½	10⅝	Taurus Mun								
25⅞	19½	Teco Energ								
28¼	20⅛	Tktrnx								
5	1¾	Telecm								
27¾	18½	Teldyn								
46⅛	28½	TeleEspSA								
78	44⅜	Telmex								
54¾	37¼	TmpInl x								
30⅝	14⅜	TempltEmMk								
9⅛	7¼	TempltGlob x								
9	7⅜	TempltGlFd								
58¾	39⅛	Tenneco								
30	21¾	Teppco Pts								
31⅛	13	Teradyne								
11⅞	6⅛	Terex								
8¼	3½	Terra Inds								
11¾	3	Tesoro								

Price data supplied by Telekurs

AMEX COMPOSITE PRICES

4 pm close March 3

NASDAQ NATIONAL MARKET

4 pm close March 3

AMERICA

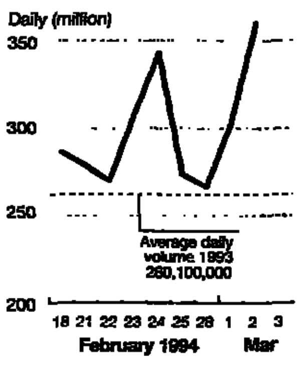
Dow subdued as bond yields turn higher

Wall Street

US share prices were mixed in listless trading yesterday morning as the stock market settled down after Wednesday's wild gyrations, *writes Patrick Harverson in New York*

By 1 pm, the Dow Jones was down 10.98 at 3,820.76. The more broadly based Standard & Poor's 500 was also slightly lower at the halfway stage, down 1.55 at 463.26, while the American Stock Exchange composite was up 0.08 at 466.40 and the Nasdaq composite up 2.55 at 786.02. Trading volume on the NYSE was light by recent standards at 171m shares by 1 pm, and declines outpaced rises by 1,028 to 890.

NYSE volume



Wednesday's late rally, which was concentrated mostly in cyclicals, failed to feed through into early gains yesterday, as some analysts had predicted. Instead, investors sold off the big Dow stocks that had done well the previous session.

The selling was probably linked to another rise in bond yields. By early afternoon the benchmark 30-year bond was off almost three quarters of a pont, and the yield had crept up to 6.827 per cent. The decline in bonds, and some of the selling of stocks, reflected nervousness ahead of today's jobs data. The February employment report is being keenly awaited because some economists believe another indication of strength in the labour market could be the trigger for a further interest rate increase from the Federal Reserve.

These concerns were heightened yesterday when the weekly jobless claims figures showed an unexpectedly big rise in the number of people filing for state unemployment insurance. The day's other data, a 2.1 per cent rise in January factory orders, also pointed to a robust economy.

Retailers bucked the trend, rising as a group in the wake of surprisingly strong monthly sales figures. Federated Department Stores rose $¼ to $24½, the Gap put on $1¼ at $46¼, JC Penney added $⅞ at $55⅝ and Sears, Roebuck advanced $¼ to $48.

Some of the cyclicals which did well on Wednesday weakened, with Alcoa falling $⅝ to $75⅞, and Union Carbide dropping $¼ to $24. Car stocks, however, remained in demand, with General Motors adding $⅝ at $61¼, Chrysler firming $1¼ to $58⅞ and Ford climbing $⅝ to $64½.

Computer stocks, which were hard hit on Wednesday, rebounded sharply. Compaq jumped $3¼ to $97⅞, Hewlett-Packard added $1⅝ at $91¼ and Texas Instruments firmed $1⅛ to $84⅛.

Canada

Toronto edged higher in subdued midday trading as the market paused after Wednesday's frenetic activity.

Gains in precious metals, consumer products, and communications were offset by losses in pipelines and banks.

The TSE 300 composite index was 2.11 higher at 4,364.32 in volume of 25.47m shares. Advancing stocks outpaced declines 297 to 260, with 274 issues steady.

Telmex leads Mexican advance after upgrade

Mexico

Equities followed on from Wednesday's gains, which had been helped by news of a tentative agreement between rebels and government mediators in the state of Chiapas to end a two-month rebellion.

Some brokers also noted the good performance of Telmex and the return of foreign investors.

At midsession the IPC index of the 36 most actively traded shares was 25.68, or 1 per cent, ahead at 2,588.36 – on Wednesday the IPC index ended 48.53, or nearly 2 per cent, up at 2,562.68, but after a low for the session of 2,470.56.

Volume was 27.4m shares, of which almost 15m were in Telmex. The telephone company's ADRs were up $⅜ at $67⅝, while the local shares had improved 1.5 per cent.

Traders attributed the advance in Telmex to news that Smith Barney Shearson, the US brokerage house, had raised its 1994 and 1995 earnings estimates.

Smith Barney said that it had lifted its 1994 ADR earnings estimate to $6.75 from $6.50 and increased its 1995 forecast to $7.80 from $7.50.

In the broad market, 37 issues were traded, with rises exceeding declines by 27 to 4.

Brazil

São Paulo opened in a confident mood after the government clarified its position on foreign investments by saying that it did not intend imposing new limits.

The Bovespa index of the 54 most active shares was quoted 435, or 4.2 per cent, higher at 10,650 by 1 pm. On the Rio bourse, the index was up 2.5 per cent at 39,525.

Mr Gustavo Franco, director of international operations at the central bank, said on Wednesday that the government would not restrict foreign investment in the country's stock exchanges.

However, turnover was low at Crz114bn ($171m).

Telebras preferred shares were up 5.1 per cent at Crz30.90 and Vale do Rio Doce, the mining company, advanced 4.5 per cent to Crz70.

Petrobras surged ahead 9.5 per cent to Crz114.99, with investors encouraged by reports that the company had made a new oil discovery.

EUROPE

Weakness in financials mars bourse recovery

Yesterday's recovery from earlier falls was marred by weakness in some financials, following rumoured repercussions among American banks to the recent slide in bonds, *writes Our Markets Staff.*

FRANKFURT chose to follow the US markets in the morning, after overnight gains on Wall Street, and to ignore them in the afternoon when the Dow and the US long bond both fell. The DAX index closed the session 17.57 higher at 2,037.90, and hit an Ibis-indicated 2,044.45 at the end of the day.

Turnover rose from DM8.2bn to DM9.5bn. Banks were relatively weak. Mr Nigel Longley of Commerzbank said that this reflected stories of serious trading losses in derivatives by US banks, rather than the Bundesbank's decision to hold key interest rates.

There were pockets of strength among carmakers and chemicals on cyclical recovery prospects, BMW rising DM15 to DM840, and then to DM844 after hours, chemicals also responding to the prospect of their dividend announcements next week.

Steels, after hours, seemed unmoved by the IG Metall decision to take 10,000 workers out on strike in Lower Saxony next Monday; there were hopes that a compromise with engineering industry employers could still be reached. Thyssen celebrated the Tranrapid go-ahead with a DM5.50 rise to DM257.50 on the session; and Preussag ended the afternoon at DM470, after a morning rise of DM5.70 to DM466.70.

PARIS saw a calmer day, after the excitement of Wednesday, with the CAC-40 index drifting 9.75 higher to 2,154.41, turnover retreating to a more average FFr4bn after FFr8bn the day before.

Moulinex, the household electricals company, was the most active issue following a broker's upgrade. It was suspended briefly limit-up in early trading, before ending the session up FFr13.10 or nearly 10 per cent at FFr149. The shares have gained 44 per cent over the year so far.

Peugeot was also strong on the day, up FFr23 to FFr866: the car manufacturer said that it expected a return to profitability in 1994. Michelin gained FFr5.20 to FFr250.00.

The financial sector weakened: SocGen lost FFr14 or 2 per cent to FFr682, BNP FFr4.70 to FFr258.50 and UAP FFr6.40 or 3.4 per cent to FFr180.30.

FT-SE Actuaries Share Indices

Mar 3							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1419.07	1421.58	1423.88	1422.38	1416.26	1414.28	1414.01	1414.85
FT-SE Eurotrack 200	1480.31	1482.52	1484.88	1483.14	1477.92	1475.35	1474.24	1475.40

	Mar 2	Mar 1	Feb 28	Feb 25	Feb 24
FT-SE Eurotrack 100	1393.60	1431.16	1458.43	1448.01	1456.74
FT-SE Eurotrack 200	1462.08	1489.07	1512.74	1499.35	1509.51

Base value 1000 (26/10/90); High/day: 100 - 1424.73; 200 - 1485.65 Low/day: 100 - 1412.50 200 - 1473.43.

AMSTERDAM returned to fundamentals as both Philips, the electronics group, and DSM, in chemicals, pleased the market with good 1993 results and dividend payments at the top end of expectations.

The AEX index gained 5.14 or 1.3 per cent to 412.41.

The 50 cents payout from Philips was its first since 1989, giving the shares an early boost, while analysts were also encouraged by the Fl 2bn net 1993 profit which followed a loss of Fl 900m in 1992. The shares added Fl 4.00 to Fl 46.00, bringing gains to the year so far to 11 per cent.

Polygram rose Fl 2.90 to FL 79.80.

The only disappointing division was at Grundig of Germany, in which it holds a 31 per cent stake. Mr Jan Timmer, the chairman of Philips, said that job cuts here would be necessary.

DSM paid Fl 1.50, forecast a profit in the first quarter of 1994 and reported a 1993 loss of some Fl 60m before extraordinary items. The shares rose Fl 4.10 to Fl 111.70.

MILAN saw a technical bounce after Wednesday's losses and the Comit index picked up 10.33 or 1.6 per cent to 649.68.

BCI rose L93 to L6,110 amid reports that the privatisation, which closed three days early, was nine times oversubscribed.

The enthusiasm spilled over to the rest of the sector with Banca di Roma L65 or 3.4 per cent higher at L1,957 and Credito Italiano L62 or 2.4 per cent ahead at L2,670.

IMI, the medium term credit group, rose L143 to L12,812 on higher parent company operating profits.

Some of the recently underperforming insurers had a better day. Alleanza added L286 or 1.9 per cent to L15,594 and RAS L357 or 1.4 per cent to L25,152.

Olivetti gained L50 or 2.2 per cent to L2,340, supported by speculation that it could win a second mobile telephone system operating licence.

ZURICH rebounded 1.3 per cent after five straight days of losses and the SMI index added 34.9 to 2,803.4.

The banking sector remained at the centre of attention. UBS bearers, encountering further foreign selling, fell SFr14 to SFr1,248. CS Holding added SFr20 to SFr636 as the market awaited today's results from Credit Suisse, and SBC added SFr1 to SFr445: both continue to benefit from recommendations of a switch out of UBS.

SMH put on SFr17 to SFr920: the watchmaker and Mercedes are to present a working prototype of the Swatchmobile small car in Stuttgart today.

MADRID's banks were mixed in spite of a surprise half-point cut in the Bank of Spain's benchmark interest rate to 8 per cent. However, the broad market rose, the general index closing 4.65 up at 329.81.

Telefónica recovered Pta70 to Pta1,905 as analysts decided that the company had been punished too heavily for the price of its Peruvian acquisitions.

HELSINKI picked up 2 per cent after declines earlier in the week, the Hex index rising 36.1 to 1,876.3. Foreign demand helped Nokia FM48 higher to FM375 in continued response to Tuesday's results.

Merrill Lynch joined the growing band of enthusiasts for the market, forecasting that it could be among the best performers over the next 12 months. The US house said that a stronger than expected global economic recovery would be positive, given that the market was the most cyclical in Europe; the impact of currency depreciation on earnings growth had been underestimated; valuations were among the most attractive in Europe; and growth in the domestic economy could easily be three times consensus over the next two years.

Written and edited by William Cochrane, John Pitt and Michael Morgan

ASIA PACIFIC

Nikkei 225 average eases further amid low activity

Tokyo

Uncertainty over the course of the bond and foreign exchange markets undermined investor confidence and equity prices lost ground on small-lot arbitrage selling amid low activity, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average ended 138.91 off at 19,605.86 after a day's high of 19,771.68 and low of 19,531.65. After rising in early trading, the index met arbitrage linked selling and later fluctuated within a narrow range for the rest of the day.

Continued tension in the US-Japan trade arena also discouraged investors: the US has threatened to revive the Super 301 trade act of 1988 against Japan due to its alleged closed cellular telephone market.

The absence of dealers and foreign investors – the main driving force behind the recent rise in share prices – depressed volume, and some 280m shares changed hands against Wednesday's 401m.

The Topix index of all first section stocks slipped 13.61 to 1,602.33, while the Nikkei 300 average declined 2.75 to 295.32.

Losers outnumbered gainers by 783 to 248, with 151 issues unchanged. But in London the ISE/Nikkei 50 index firmed 3.47 to 1,324.68.

Steel shares were weaker on reports that NKK would forgo dividend payments for the current year to March and the next business year. NKK dipped Y9 to Y250, Kawasaki Steel Y7 to Y353 and Nippon Steel Y8 to Y338.

Investors shunned broker issues due to the recent plunge on the domestic bond market. Nomura Securities fell Y60 to Y2,270 and Daiwa Securities Y40 to Y1,680.

Shares of bakers and flour millers rose on hopes that consumers would turn to bread because of the decline in domestic rice supplies and the increase in imported rice. Yamazaki Baking gained Y10 at Y2,070 and Nisshin Flour Milling Y20 at Y1,200.

Hisamitsu Pharmaceutical jumped Y63 to Y979 on reports of a new medicine based on biotechnology. Hopes of increased business in the US cable television market lifted Tomen, the trading house which has links to Nynex Corp, of the US, Y11 to Y416.

In Osaka, the OSE average declined 235.96 to 21,808.53 in volume of 120.7m shares.

Roundup

With the exception of Taiwan the region's markets were weaker yesterday.

HONG KONG saw foreign institutional selling which left the Hang Seng index down 75.40 at 9,802.03, having recovered from a sharp fall in the late afternoon when profit-taking sent banks tumbling.

Wednesday's budget, which included a corporate tax cut, was viewed as positive and helped to support the market.

HSBC Holdings came under heavy selling pressure, although bargain hunting provided support when the issue fell below HK$100. It ended HK$1 cheaper at HK$101.

KUALA LUMPUR reversed an early upward trend to close broadly lower amid foreign selling, and as nervous investors liquidated their positions on worries about the direction of overseas markets.

The composite index ended 15.67, or 1.4 per cent, down at 1,070.58, after rising to 1,096.44.

SEOUL was lower in moderate trading as blue chips continued to consolidate in response to the central bank's anti-inflationary tight monetary policy. The composite index receded 4.50 to 902.16.

SINGAPORE fell 1.8 per cent amid worries about the prospects for higher long-term US interest rates. The Straits Times Industrial index shed 41.94 to 2,242.55.

TAIWAN firmed slightly, with many investors remaining on the sidelines. The weighted index ended 28.37 ahead at 5,457.74. Turnover came to T$38.7bn, the lowest so far this year.

MANILA continued to consolidate, weakened by a further decline in Philippine Long Distance Telephone in New York overnight. PLDT lost 30 pesos at 1,890 pesos after a fall of $1⅞ to $67¼ in New York.

The composite index finished 1.7 down at 2,698.05.

AUSTRALIA drifted lower owing to pressure from the futures market. The All Ordinaries index slipped 2.6 to 2,151.4 in turnover of A$420m.

Amcor rose 8 cents to A$9.88 in spite of announcing a 21 per cent fall in net profits for the half-year to December because of expansion costs.

In resource stocks, CRA jumped 28 cents to A$17.40, picking up some of Wednesday's 42-cent drop after reporting that it would have difficulty repeating its strong 1993 profits performance this year.

BOMBAY closed sharply lower in spite of a late rally triggered by short-covering. The BSE 30-share index was finally 79.13 off at 3,987.07, after an intraday low of 3,943.62.

Brokers commented that there was still some confusion about the implications of Monday's national budget which was causing concern among investors.

KARACHI fell back on profit-taking, the KSE-100 index declining 6.51 to 2,528.16. Falls led rises by 176 to 141.

COLOMBO's all-share index retreated 7.46 to 1,370.13 on profit-taking after Tuesday's high. The market is viewed as overdue for a correction after its 39.7 per cent surge since the start of the year.

Johannesburg ahead on steady foreign demand

South Africa had a better day yesterday in an unusually volatile week and the overall index finished 50 higher at 4,931, *writes Matthew Curtin in Johannesburg.*

The bullion price's descent below $380 an ounce took the gold shares index 19 lower to 1,904. Industrial shares, however, remained buoyant, led by strong overseas demand for Iscor, the steelmaker which produced unexpectedly good half-year results last week. The stock lost 2 cents on the day at R2.86 but the industrial index climbed 46 to 5,679.

The contradictory set of circumstances facing investors was dominated in mid-week by initial confidence and then disillusionment with the degree of progress in talks between the African National Congress and the Zulu Inkatha Freedom Party. The weak gold bullion price and falling global markets also contributed to instability, but dealers reported steady, if more subdued, demand from overseas investors for blue chip issues.

Mr Mike Brown at the stockbrokers, Frankel, Pollak, Vinderine, said that local institutions were proving strangely hesistant, still weighing up the shift in market sentiment at the end of 1993, brought on by the wave of foreign buying which changed notions of value on the JSE.

Overseas investors could be forgiven for a wait-and-see approach as elections loomed, but local fund managers might be missing out on an opportunity to pick up good value scrip before another bout of foreign investment.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MARCH 2 1994								TUESDAY MARCH 1 1994					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	171.00	-2.8	169.56	112.06	151.47	161.55	-1.3	3.30	175.90	175.49	116.32	156.28	163.62	189.15	130.19	137.06
Austria (17)	185.46	-1.2	183.89	121.53	164.27	163.92	-1.8	0.97	187.75	187.31	124.15	166.80	166.99	196.41	139.63	160.69
Belgium (42)	164.90	-2.0	163.50	108.06	146.06	142.67	-2.2	4.03	168.22	167.83	111.24	149.45	145.94	169.08	141.30	141.30
Canada (107)	133.50	-0.7	132.36	87.48	118.24	131.06	-0.5	2.58	134.45	134.14	88.91	119.45	131.70	145.31	119.90	119.90
Denmark (32)	261.18	-2.0	258.96	171.15	231.33	237.21	-2.3	0.98	266.47	265.86	176.22	236.75	242.76	275.79	195.66	201.62
Finland (22)	144.21	-0.6	142.99	94.50	127.73	168.71	-0.1	0.66	145.13	144.80	95.97	128.94	168.88	156.72	70.02	72.31
France (99)	172.29	-1.6	170.83	112.91	152.61	156.92	-1.8	2.97	175.12	174.72	115.80	155.59	159.74	185.37	149.60	159.18
Germany (59)	128.94	-1.6	127.85	84.50	114.20	114.20	-1.9	1.86	131.01	130.71	86.63	116.39	116.39	142.38	107.58	113.62
Hong Kong (56)	400.92	-2.4	397.53	262.73	355.12	397.78	-2.4	2.67	410.95	410.01	271.76	365.12	407.73	506.56	233.84	256.81
Ireland (14)	185.77	-1.1	184.20	121.74	164.55	182.81	-1.5	3.23	187.68	187.45	124.24	166.93	185.63	209.33	137.61	141.97
Italy (69)	71.91	-1.3	71.30	47.13	63.70	90.59	-1.6	1.66	72.84	72.67	48.17	64.72	92.01	78.93	55.21	64.03
Japan (469)	156.28	-1.1	154.96	102.41	138.43	102.41	-1.9	0.79	157.95	157.58	104.45	140.33	104.46	165.91	107.98	108.76
Malaysia (69)	518.05	-2.2	513.67	339.49	458.87	542.00	-2.5	1.35	529.69	528.48	350.28	470.62	555.60	621.63	274.40	275.22
Mexico (18)	2209.65	-4.8	2190.93	1448.01	1957.15	7851.74	-2.4	0.84	2315.76	2310.45	1531.39	2057.48	8046.55	2647.06	1431.17	1472.84
Netherland (26)	196.76	-1.4	195.09	128.94	174.28	171.75	-1.8	3.11	199.64	199.19	132.02	177.38	174.90	207.43	160.28	160.28
New Zealand (14)	69.77	-3.4	69.18	45.72	61.80	65.13	-2.1	3.57	72.23	72.06	47.76	64.17	66.56	77.59	45.22	45.89
Norway (23)	200.01	-2.2	198.31	131.07	177.15	200.86	-2.5	1.55	204.42	203.95	135.18	181.62	205.82	208.42	139.23	139.23
Singapore (45)	338.48	-0.5	335.62	221.81	299.81	246.30	-0.7	1.64	340.22	339.44	224.98	302.28	248.11	378.92	213.57	221.32
South Africa (60)	243.58	0.3	241.51	159.62	215.74	249.29	0.0	2.23	242.87	242.31	160.61	215.78	249.57	280.26	160.78	165.21
Spain (42)	140.07	-2.6	138.88	91.79	124.06	148.69	-2.4	3.93	143.85	143.52	95.13	127.81	152.30	155.79	116.33	127.08
Sweden (36)	214.88	-0.9	213.06	140.82	190.33	255.30	-0.8	1.46	216.75	216.26	143.34	192.58	257.47	230.02	154.79	162.76
Switzerland (49)	157.72	-2.3	156.39	103.36	139.70	139.88	-2.7	1.61	161.42	161.05	106.74	143.42	143.81	176.56	111.01	112.33
United Kingdom (215)	199.29	-0.1	197.60	130.60	176.52	197.60	-0.8	3.69	199.58	199.12	131.98	177.32	199.12	214.98	168.27	168.27
USA (518)	189.12	0.1	187.52	123.93	167.51	189.12	0.1	2.76	189.02	188.59	125.00	167.94	189.02	196.04	176.91	182.90
EUROPE (745)	166.29	-1.1	164.88	108.97	147.29	159.04	-1.5	2.88	168.13	167.74	111.18	149.37	161.42	178.58	138.88	140.02
Nordic (113)	207.76	-1.2	206.00	136.15	184.02	214.52	-1.2	1.24	210.24	209.76	139.03	186.79	217.08	220.60	145.85	150.17
Pacific Basin (722)	165.66	-1.2	164.26	108.56	146.74	113.36	-1.9	1.06	167.77	167.38	110.94	149.06	115.61	168.80	113.99	114.65
Euro-Pacific (1467)	165.77	-1.2	164.37	108.63	146.83	131.38	-1.8	1.82	167.76	167.37	110.94	149.05	133.72	170.78	124.48	124.91
North America (625)	185.67	0.0	184.10	121.67	164.45	185.12	0.0	2.78	185.63	185.21	122.76	164.93	185.07	192.79	173.70	179.01
Europe Ex. UK (530)	145.44	-1.7	144.20	95.31	128.82	136.48	-1.9	2.36	147.93	147.59	97.83	131.43	139.16	155.73	120.02	122.21
Pacific Ex. Japan (253)	257.27	-2.3	255.10	168.60	227.88	236.89	-1.9	2.55	263.45	262.85	174.22	234.07	241.54	296.21	164.34	172.30
World Ex. US (1652)	166.96	-1.2	165.55	109.41	147.88	134.53	-1.7	1.83	168.99	168.60	111.75	150.14	136.85	172.51	125.88	125.98
World Ex. UK (1955)	170.82	-0.8	169.37	111.94	151.30	147.13	-1.1	2.01	172.22	171.82	113.88	153.01	148.77	175.58	141.21	141.90
World Ex. So. Af. (2110)	172.92	-0.8	171.46	113.32	153.16	150.80	-1.1	2.17	174.25	173.85	115.23	154.81	152.44	178.56	143.71	144.17
World Ex. Japan (1701)	184.37	-0.6	182.81	120.82	163.30	180.28	-0.7	2.76	185.52	185.09	122.68	164.82	181.55	195.20	163.82	164.27
The World Index (2170)	173.32	-0.8	171.85	113.58	153.51	151.59	-1.1	2.17	174.62	174.22	115.46	155.15	153.22	178.97	143.74	144.20

Latest prices were unavailable for this edition.

JOBS: The art of the hunch has the merit of not wasting time

Motivation may mean more than marks

Here is one of those probably apocryphal tales that you find impossible to source but which you want to believe is true because it supports a personal belief or prejudice. I heard it last week from a Bank of England official at a discussion on ethical concerns in recruitment and selection held at London Business School.

All she provided for verification was an assurance that the person who passed the story to her was in a position to know the truth of it. She recounted the story of some administrators of a college in further education who had interviewed candidates for a course, then sent the acceptance slips to the rejects and the rejection slips to those they had chosen to accept.

Instead of owning up to the mistake the administrators decided to let the error go. Four years into the course, when they were able to compare the performance of that year's intake with those in previous years, the would-be rejects were achieving results on a par with their predecessors. It was impossible to tell the difference.

The lesson to be drawn, suggested the bank official, was that organisations might be worrying too much about recruitment when a concentration on motivation and training could produce the same results or even better at the end of the day.

The story, whether true or not, tends to reinforce the judgment of many small businesses which, according to recent occupational psychology research at Hull University, still rely heavily on the tried and untested indicator of gut reaction when recruiting.

Accepting that the hunch is not an exact science it may, nevertheless, waste less time than many recruitment practices, since another often-quoted observation holds that most selections are decided within the first five minutes of an interview, the rest of the time being used to confirm the decision.

Even psychologists who might argue for greater objectivity would accept that first impressions should not be underestimated. A friend in the recruitment business recalls a personnel colleague who swore by all the latest psychometric techniques but who was adamant that he would never recruit any man who wore white socks or an earring.

Whatever your recruitment techniques, if you are considering taking a look at psychological tests in an attempt to be more sophisticated you should choose carefully. Some specialists have attempted to debunk even the most trusted tests.

The field of psychometrics has never fully recovered from the broadside delivered by Steve Blinkhorn and Charles Johnson in Nature magazine a few years ago. The two psychologists, who run a consulting company, Psychometric Research and Development, were severely critical of some of the most respected personality tests on the market. They said: "We see precious little evidence that even the best personality tests predict job performance and a good deal of evidence of poorly understood statistical methods being pressed into service to buttress shaky claims."

Most pointed of all was a remark condemning the way some tests were applied which, they said, "bamboozles an unsophisticated public with pseudo science." The criticism triggered outrage among other occupational psychologists, particularly one of the leading test publishers which pointed out that Blinkhorn and Johnson's company was a competitor.

The criticism did give rise to some consideration about whether some testers were making exaggerated claims for their methods. In addition, the plethora of tests on the market, some of them with very doubtful uses, led to the conclusion that some standards were essential.

Recognising that the field is plagued by charlatans, the British Psychological Society is preparing a certificate of competence for psychologists administering personality tests.

These new Level B certificates, following on from the initial level A certificates that cover ability testing, should be in place by the end of the year. The new certificate is not a form of licensing for occupational psychologists since the field is unregulated. Neither will it make tests foolproof, but it will tell you that the holder has demonstrated some level of competence.

Even before going down the testing route, some would advocate that recruiters should think carefully about what information they need and whether it can be obtained any other way. In the meantime the amount of guidance in the area is improving.

The society produces a guide which can be obtained from its headquarters at St Andrews House, 48 Princess Road East, Leicester LE1 7DR. In addition, the Institute of Personnel Management publishes a code that also endorses the society's certificates of competence. The code is available from the institute's headquarters at IPM House, Camp Road, Wimbledon, London, SW19 4UX .

● Executives who lose their jobs have a number of options for finding work if they want to return to similar employment.

Drake Beam Morin, the outplacement and career management firm, claims that professional outplacement counselling can markedly improve job prospects.

In support of this view, it has compared figures drawn from its own clients with statistics in the Department of Employment's quarterly Labour Force Survey. Some 14 per cent of DBM's clients have been unemployed for more than 12 months compared with 17 per cent a year ago.

In contrast, the labour force survey shows that 43 per cent of professionals overall had been out of work for more than a year in 1993 compared with 30 per cent in 1992.

One reason for the discrepancy could lie in the fact that the top outplacement companies tend to be engaged by large corporations to provide services within their overall redundancy packages.

"The people we help have come from good companies which offer outplacement services for their staff. They are shedding jobs for corporate reasons that have no reflection on the potential of the individuals involved," says DBM.

Some counselling services in what has been a growing and largely uncontrolled industry over the past few years have earned parts of the market a bad name, particularly in retailing where services are sold to people who walk in off the street.

Unemployed managers should be wary of counselling services that promise to circulate CVs to potential recruiters. When I asked one recruiter about them last week, he said: "Yes we get these things in a big pile through the post and they go straight in the bin. We don't value that kind of approach."

The IPM published a code of conduct for the industry just over a year ago and has listed 120 companies that fulfilled its requirements. It is now reviewing whether to continue the directory. It said: "The list goes some way towards setting standards but we cannot enforce them so it does tend to question their value."

Good outplacement servicing offers a tiered approach, ranging from counselling – where you are urged to sit back and think about what you want to do with the rest of your career – to the identification of training needs and practical guidance of how and where to find those hidden jobs that tend to be advertised internally in the big companies.

Trade unions are beginning to break into this market in a small way. The Society of Telecom Executives, with 22,000 members in the telecommunications industry, established a career register for its members outside BT, which has plans to shed thousands of managerial jobs over the next three or four years.

The STE journal highlighted the success of one member, Mr Graham Rose, who moved to a new telecommunications job in Nice, France, last Easter after leaving his 18-year career in BT, finishing as a transmissions and budgets manager.

After failing to find work from 40 job applications, his breakthrough came when he received a mailing from the skills register. He said: "It pays more than twice what I got in BT, there are free French lessons, help with accommodation and school fees and a great climate."

The union has now decided to put the service on a more professional footing.

TOP OPPORTUNITIES

SENIOR POSITIONS IN GENERAL MANAGEMENT

LITHUANIAN INVESTMENT PROMOTION AGENCY

GENERAL DIRECTOR

The Government of the Republic of Lithuania is establishing a new Agency to promote foreign investment as part of an overall strategy of national development. The economic transformation of Lithuania is being undertaken systematically and effectively, with the successful privatisation of State enterprises one of the key objectives of economic reform.

The new Lithuanian Investment Promotion Agency will be an autonomous and separate organisation with a Board consisting of executives from the private and public sectors and operating under the auspices of the Minister of Economics. The investment promotion arrangements have been evolved in close co-operation with EC/PHARE.

The recruitment of the top management team for the new Agency is now under way, and applications are invited from suitably qualified Lithuanians for the key position of General Director (Chief Executive), whose task it will be to provide the creative leadership necessary for the achievement of the important national aims of the Agency.

For this senior position we expect high-level management experience, ideally gained in an international environment. The successful candidate should have the ability to recognise the needs and opportunities facing foreign investors, to enhance the flow of foreign investment into Lithuania and to successfully manage the new Agency. Specific requirements are:-

- University or equivalent professional qualification.
- Fluency in English.
- Good communication skills and ability to use information systems.
- Age between 25 and 50 years.

An attractive remuneration package, with salary geared to market requirements, is envisaged for this very challenging position. The possibility of arranging secondment from international organisations will be considered in appropriate circumstances.

If you are interested in being considered for this position in the Agency, please send your application, with detailed Curriculum Vitae to the following:-

Mr. A. Balkevicius, Chairman of the Board,
c/o Aid Coordination Unit,
J. Tumo-Vaizganto 2, 2600 Vilnius, Lithuania.
Fax: 370-2-226892.

The Top Opportunities Section

Advertise your senior management positions to Europe's business readership.
For information please contact:
Philip Wrigley
071 873 3551

Coca-Cola Amatil

General Manager – Ukraine

With total assets of over US$2bn, Coca-Cola Amatil is one of the largest franchise-partners of Coca-Cola, responsible for the production, marketing and sales operations. Coca-Cola Amatil continues to add substantial value to shareholders' investments, through the development of established businesses and new, international operations.

An immediate requirement has arisen for an able and experienced individual, based in Kiev, to assume overall responsibility for developing the business in the Ukraine.

Reporting to the Central East European Headquarters in Austria, the General Manager will be tasked with setting up the sales and distribution network of the company.

Responsibilities will include:

- controlling production supply via a joint venture partner;
- communicating and liaising with local authorities;
- identifying wholesale distributors within the region;
- setting up further production facilities in the Ukraine;
- managing the growth and development of the Ukraine business.

Ideally of Ukrainian origin, the successful candidate should be a graduate with consumer products experience, particularly in sales and marketing. This experience will be within both fully developed markets and emerging Eastern European countries (preferably Ukraine).

Essential attributes for this outstanding career opportunity are excellent interpersonal skills, commercial flair, resourcefulness and a high degree of self-motivation, as well as an effective management style.

The attractive remuneration package includes a highly competitive base salary, performance-related bonus, executive car and local housing.

Please write, enclosing a detailed CV in English, to our Consultant Claudia Daeubner at the address below, quoting reference number 23.297.

GKR NEUMANN

SEARCH & SELECTION

DR H. NEUMANN MANAGEMENT BERATUNG GESMBH, GUENTHERGASSE 3, 1090 VIENNA, AUSTRIA
TELEPHONE / FAX (43) 1 40140-237EXT

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EXECUTIVE DIRECTOR

CIRCA £40k + PERFORMANCE BONUS

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The person we are looking for will be an experienced manager who can demonstrate excellence in:

- People management
- Financial management
- Negotiation

Ideally the candidate will also have an understanding of GP Fundholding and I.T.

For an information pack please telephone 081-983 2949

Written applications by 7th March to:-

Sylvia Nicholas, 16 Freemason Road,
Custom House, E16 3NA Telephone 071-473 2733

Scottish Financial Enterprise

EXECUTIVE DIRECTOR

£60,000 - 3 YEAR INITIAL CONTRACT

SFE, funded by the subscriptions of some 200 members, was established in 1986 to confirm and enhance Scotland's position as a financial centre of world standing. Its activities include research, marketing, representation, business development and expansion of the sector.

An Executive Director (preferably from the financial sector or allied professions) is required from September 1994, to carry forward these activities and to implement a development plan designed to accelerate growth in the Scottish financial community.

Written applications by 31 March 1994 to:

J A Scott, Executive Director,
Scottish Financial Enterprise,
91 George Street, Edinburgh EH2 3ES
Tel: 031 225 6990 Fax: 031 220 1353

BANKING FINANCE & GENERAL APPOINTMENTS

GLOBAL INVESTMENT BANK

Cross-Market Proprietary Trader

The proprietary desk of a major Global Investment Bank seeks to hire an exceptional candidate to join the London-based trading operation. The team is responsible for trading the bank's capital in global markets using a wide variety of products.

The ideal candidate will have highly developed quantitative skills and a minimum of ten years' trading/hedging experience. He/she will also have significant previous exposure to proprietary trading without the support of flow business. The candidate will have traded fixed income, FX, cash and derivative products in all major markets. In addition substantive emerging markets experience would be useful. The position should attract an independent thinker with a flair for detached analysis coupled with strong market feel.

The rewards will include a competitive basic salary, bonus and a comprehensive range of banking benefits.

Interested candidates should write to Annabella Humphreys at BBM Associates Ltd (Consultants in Recruitment) at the address below enclosing a detailed curriculum vitae. All applications will be treated in the strictest of confidence.

76, Watling Street,
London EC4M 9BJ

BBM ASSOCIATES

Tel: 071-248 3653
Fax: 071-248 2814

Ingram Micro is the world's leading distributor of computer hardware, software and peripherals. Our worldwide headquarters are located in Southern California. Ingram Micro Worldwide employs 3700 associates. We have companies throughout Europe located in France, Germany, Italy, The Netherlands, The UK and in Belgium (our European Coordination Center being also based in Brussels). In our European affiliates we employ more than 800 persons.

Due to our ongoing expansion, we are currently looking to recruit the following (m/f):

ACCOUNTS PAYABLE MANAGER

Responsibilities: ☐ main responsibility will be the full handling of the Accounts Payable operations relating to our European inventory. The AP centralisation in the UK will lead to the management of a ledger of above 1 Billion USD; ☐ general supervisory duties of a final team of ten AP clerks; ☐ review and approve invoices prior to payments; ☐ research and resolve problems with vendors.

Profile: ☐ at least five years of professional experience within that financial area; ☐ preferably qualified chartered accountant; ☐ a perfect command of at least one other European language (French, German, Italian, Spanish); ☐ good communication, management and interpersonal skills; ☐ detail oriented; ☐ requiring little supervision; ☐ ability to interface effectively with vendors and other internal departments in Europe; ☐ skills in spreadsheet software (preferably Excel).

TWO ACCOUNTS PAYABLE CLERKS

Responsibilities: supporting the AP Accounting Department by performing accounting clerk functions such as: ☐ matching of invoices; ☐ data entry; ☐ researching vendor enquiries; ☐ reconciling vendor accounts.

Profile: ☐ at least two years of professional experience; ☐ a good command of one other European language (French, German, Italian or Spanish); ☐ good knowledge of basic accounting principles, shipping and billing procedures, purchasing functions; ☐ good arithmetic skills.

In compensation we offer a challenging career opportunity with European exposure within a solid and fast growing organisation, as well as an attractive salary package.

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Interested candidates should sent their application together with salary expectations to Ms Laurence Garrido, Ingram Coordination Center, Leuvensesteenweg 11,B-1932 Zaventem (Belgium).

Portfolio Manager

Private Clients, Charities and Small Pension Funds
to £35,000 plus bonus and benefits
City

Our client is a leading International Investment Group whose funds under management have doubled in the last 5 years and currently exceed £10 billion. The private client department which manages £140 million on behalf of private individuals, family trusts, charities and small pension funds now seek a portfolio manager to assist in the management of 200 individual portfolios.

Working in London, your brief will primarily focus upon the asset allocation and management, on an International basis, of the portfolios. The majority of investments will be through the Group's managed funds. You will also be involved with client liaison and new business generation. In addition you will also be required to prepare written reports and work closely with the administration department.

Aged between 25 and 40 and probably working as a portfolio manager/investment analyst or similar and of graduate standard, it is essential that you have a thorough understanding of UK and international investment markets and communicate well with clients. You have already decided to pursue your career within the private client sector and can demonstrate strong analytical abilities, integrity, numeracy, computer literacy and an ability to attend to detail.

To apply, in strict confidence, please write quoting reference 990 to Fiona Law at FLA Ltd, 211 Piccadilly, London W1V 9LD. Tel: 071-738 9732. Please include details of your career, remuneration and investment experience in your application.

FLA

SEARCH, SELECTION AND CONSULTANCY SERVICES

Assistant Fund Manager

BONDS

Attractive Package — City

PDFM, a subsidiary of UBS Asset Management London Ltd, is one of the UK's leading fund managers with over £30 billion under management and one of the best long term performance records in the industry. We are now seeking an Assistant Fund Manager (Bonds) to assist one of our senior fund managers and his team to manage our multi-currency cash exposures and foreign exchange transactions.

Your role would include placing money with bank counterparties, maintaining loan management system records, dealing with banks, brokers and discount houses, managing counterparty relationships, and monitoring factors which influence short-term interest rates.

The role could be handled either by an A-level holder with at least four years' experience of banking, insurance, corporate treasury or fund management; or by a graduate with at least one year's experience in one of those environments. You are also likely to have good relationship management skills and be capable of working under time pressures.

As well as an attractive salary and good career prospects, the position carries a comprehensive benefits package, including subsidised mortgage, a non-contributory pension and private healthcare. You will also be eligible to participate in our discretionary performance award scheme.

Please send full career details to:

Linda Tottem
Senior Personnel Officer
UBS Asset Management London Ltd
Triton Court, 14 Finsbury Square
London EC2A 1PD

PDFM

Documentation Lawyer

A Global Opportunity

Are you a qualified lawyer with 2-4 years experience and looking to move into the challenging and rapidly expanding world of equity capital markets? Merrill Lynch International Limited is looking for the right candidate to join its team on the Equity Capital Markets Desk in London.

The role involves advising on and structuring all types of international equity capital market and derivative transactions currently taking place in Europe and the Far East. You must be able to grasp the practical workings of Merrill Lynch's business, be capable of quickly assuming responsibility, work efficiently as part of a well-managed team and use your initiative with the minimum of supervision.

The successful candidate should have at least 1 year's intensive experience working on international equity or equity derivative documentation with an international law firm or financial institution.

Please write enclosing a full curriculum vitae and salary history, in complete confidence, to Elisabeth Steele, Personnel Manager, Merrill Lynch Europe Limited, Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9LY.

Merrill Lynch

A tradition of trust

PEREGRINE

SENIOR ECONOMIST HONG KONG

Peregrine Brokerage, a pre-eminent financial institution based in Hong Kong and a key player in Asian securities markets, seeks a highly motivated individual to join its Economics Research team as a senior economist.

Responsibilities would include:

- Evaluating the economic outlook for China, Hong Kong and Taiwan, contributing to the formulation of a regional economic perspective, meeting regularly with clients both in Hong Kong and overseas, and supporting Peregrine's sales teams.
- Writing economic research reports and contributing to cross-border sectoral studies.

The successful candidate should have the following qualifications:

- An excellent academic record, with a graduate degree in economics, preferably with a concentration in quantitative methods.
- Two to three years' work experience as a macro-economist, preferably with exposure to Asia. Sectoral expertise would be a definite advantage.
- Fluency in English and Mandarin is essential
- Strong computer skills, knowledge of standard software
- Excellent writing and speaking skills.
- A self-starter and a team player.

The position offers a competitive compensation package and excellent opportunities for career development.

Please send resume to:

Christine Lai,
Group Human Resources and Office Administration
Peregrine Brokerage Ltd.
21st Floor, New World Tower
16-18 Queen's Road Central
Hong Kong
Fax: (852) - 877 9277

Financial Services Executive Search

Odgers has long been a major player in corporate executive search, working in a wide variety of business sectors to recruit at board and partner level.

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It now wishes to extend its City practice, with the recruitment of an additional senior consultant, who will be responsible for developing a top quality executive search business among a wide variety of financial services clients.

We invite applications from professionals with at least fifteen years' business experience, whose backgrounds will include:

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Please write to Ian Odgers, Chairman. All approaches will be treated in the strictest confidence.

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7 Curzon Street, London W1Y 7FL.

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Search & Selection Consultants — Tel: 071-588 3991 Fax: 071-588 9012

SWITZERLAND

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The successful candidate will be aged between 25 and 30 with a university degree (ideally in finance or economics) or equivalent. Banking experience in a Treasury Division, preferably in the risk management area, is essential. A knowledge of financial mathematics and training in risk monitoring would be beneficial. In addition candidates must be computer literate with an excellent command of English; a working knowledge of French and/or German would be an advantage.

The Bank offers attractive conditions of employment in an international atmosphere and excellent welfare benefits.

Recruitment will be on the basis of an initial two-year contract.

Candidates should send their application, together with a recent photograph and references, to the *Personnel Section, Bank for* International Settlements, 4002 Basle, Switzerland, quoting Reference No. 94186.

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You are a graduate in economics/business administration and have at least two years experience as equity analyst and/or institutional portfolio manager of UK equities. You are familiar with modern portfolio theory, analytical PC-systems and you would enjoy working in a multicultural team. You have excellent communication skills and hopefully some knowledge of German. You have a EU-working permit.

If you meet these criteria, we can offer you an opportunity in our European Equity Portfolio Management Team. You would be primarily responsible for our UK top-down, bottom-up investment approach, fundamentally driven with medium to long term investment horizon. Coverage of additional European markets and/or industry sectors depends on qualifications. Portfolio responsibility will be given.

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As a 100%-subsidiary of Deutsche Bank AG with offices in New York, Tokyo and Singapore, we are independent in our investment approach. Our institutional customer base is globally diversified. We have assets under management in excess of USD 7 bn. We offer a challenging and exciting career in Frankfurt and a competitive remuneration package with additional benefits.

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■ Let's talk about it.

Deutsche Asset Management
Deutsche Bank Gruppe

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LOGITECH is a rapidly expanding group of companies of worldwide reputation with Headquarters in Switzerland, the United States and Taiwan. It is specialized in the production and distribution of technologically advanced computer-related input and imaging devices such as mice, trackballs, hand-held scanners and digital cameras, as well as sound boards, integrated audio devices and joysticks.

LOGITECH INTERNATIONAL S.A., the holding company for the Logitech group of companies, is currently seeking to recruit a

TREASURER

reporting to our Vice-President Group Finance, Logitech International S.A., based at our Headquarters in Romanel-sur Morges, Switzerland.

Responsibilities would include:
- Interest risk, cash- and currency exposure management and reporting for the group.
- Cash flow forecasting.
- Short and longterm financing and funding of group companies.
- Bank relations.
- Intercompany payments.
- Optimize cash availability and usage throughout the group.

The successful candidate would ideally have the following profile :
- University degree or similar qualifications.
- Experience in the banking industry as well as in a multinational environment.
- Be an excellent manager with strong negotiating skills and a hands-on style.
- Excellent communication skills and ability to build good interpersonal relationships with people of different ethnic and cultural backgrounds; good team player.
- Expert in modern financial instruments.
- Computer literate with good knowledge of financial spreadsheets, charts, graphs.
- Strong financial accounting skills, clear understanding of accounting implications of treasury activities.
- Be able to take initiatives, give advice, motivate and persuade people.
- Ability to develop, implement and manage highly reliable treasury related information systems and related policies and procedures.
- Fluency in French and English, while working knowledge of one or more other European languages is an asset.

If you meet these criteria and have the enthusiasm and dedication to work for this challenging and fast-evolving group, please apply in writing with a full CV to:

Logitech SA
Human Resources Department
Moulin du Choc
1122 Romanel-sur-Morges

UNIVERSITIES SUPERANNUATION SCHEME (USS)

OVERSEAS EQUITIES MANAGER AND FIXED INTEREST MANAGER

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The Overseas Equities Manager will be responsible for a small team with portfolio investments in America, Europe and the Pacific of nearly £2 billion. The position will need a person with about ten years' experience gained in the major overseas markets.

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Successful candidates will be required to operate effectively within a small team.

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A competitive salary package is offered.

Please forward a detailed c.v. to: Peter Moon, Universities Superannuation Scheme Limited, 11th Floor, No 1, Angel Court, London EC2R 7HJ.

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£80-100,000 + Bonus

- Challenging opportunity for an experienced Analyst with a wide ranging Derivatives background.
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- The ideal candidate will have a 1st/2:1 in a numerate Degree plus a Quantitative Ph.D, and at least three years experience of Exchange Traded and OTC Derivatives Research. The main focus will be on identifying and engineering trade strategies within Fixed Income Derivative Markets and will involve the creation of pricing models, the valuation of products and the publication of trade strategies. The role will, naturally, require significant interaction with Salespeople, Traders and Clients.
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Interested individuals with the relevant skills should contact:

Carl Baum on 071-936 2857, Fax: 071-583 6531 at Michelangelo Associates, International Search and Selection, 36 Whitefriars Street, London EC4Y 8BH.

Michelangelo

SENIOR CONSULTANT

INDEPENDENT TECHNICAL PROJECT REVIEWS

Major UK, USA firm providing consultancy services worldwide is seeking a professional to undertake and manage technical, economic and business reviews of privatised power and occasionally petrochemical projects. Position would include business development activities and preperation of consultancy proposals.

Applicants should have technical and commercial experience with the electric power industry and also preferably with the petrochemical sector.

In particular, we seek an individual familiar with plant design, construction and/or operation, and ability to conduct contract and proforma analysis, to work with lending banks and project developers. An engineering degree backed with business or finance qualifications is ideal.

Interested parties should write, enclosing CV, to J E Harper, Stone & Webster Management Consultants Limited, Stone & Webster House, 500 Elder Gate, Central Milton Keynes, Bucks MK9 1BA.

Stone & Webster

STONE & WEBSTER IS AN EQUAL OPPORTUNITIES EMPLOYER

Senior Private Bankers

London and Bahrain

Banque Nationale de Paris, one of the world's largest banking organisations, wishes to recruit two Senior Private Bankers, one to be based in London and the other in Bahrain. Both individuals will be required to source and market the full range of BNP's investment services to high net worth clients and institutions in the Middle East.

The successful applicants will have a proven track record in selling investment services and be capable of achieving demanding sales objectives in a competitive market. Experienced in investment products including securities, managed portfolios, foreign currency and investment advisory counselling, you will also have extensive high level client contacts in the Middle East, particularly Saudi Arabia. Knowledge of Arabic would be advantageous. Good personal presentation and unquestionable integrity are of the utmost importance.

A competitive remuneration package is offered.

If you have the background and experience we seek, please write in the first instance with full career details to Mrs. Paula Keats, Personnel Manager. Please indicate clearly the position for which you are applying.

Banque Nationale de Paris p.l.c.,
PO Box 416, 8-13 King William Street,
London EC4P 4HS. Tel: 071-895 7223.

BNP

TRAINING MANAGEMENT IN THE CITY

N M Rothschild & Sons is looking for a high-calibre, self-motivated individual who can make a significant contribution to its training operations. Demand for this quality resource is growing rapidly; there is strong commitment to training throughout the group, and this role is seen as crucial to the function's continuing development.

As Assistant Training Manager, you will concentrate on the design and delivery of effective programmes covering the full spectrum of training activity from induction to management development. Your responsibilities will include identifying and negotiating appropriate external resources, contributing to overall training policy, and developing training plans for individual business units.

Aged 30+, you will need a thorough knowledge of the City, a good degree (ideally supported by a professional qualification), and proven training experience in a merchant banking or similar environment. Computer literacy is essential, while a strong technical orientation would be advantageous. Exceptional communication skills, a flexible, creative approach and the ability to deal with high-level individuals are further key requirements.

An excellent remuneration and benefits package will be available for the right person. Please apply, enclosing your detailed cv, to Rodney Lonsdale, Personnel Director, N M Rothschild & Sons Limited, New Court, St Swithin's Lane, London EC4P 4DU.

All applications will be treated in the strictest confidence.

N M ROTHSCHILD & SONS LIMITED

QUANTITATIVE ANALYST

James Capel, the international securities house, is looking to employ a Quantitative Analyst for its division, James Capel Quantitative Techniques. The division is based in Edinburgh and offers a wide range of services relating to global asset management.

We require a quantitative analyst to help with the maintenance and expansion of our activities in several areas. These include international index portfolios, smaller companies portfolios, James Capel's proprietary indices, and analytical research. If necessary, training will be given in each area.

The successful applicant will have a good knowledge of international stock markets, indices, and general techniques of quantitative analysis. He or she must also have a solid background in mathematics or a related discipline, and be familiar with computers and databases, preferably DEC-VAX and ORACLE. Presentational skills and experience in client contact would be advantageous.

The position requires both the relevant technical skills and the ability to integrate with a team of ten analysts. Remuneration will be according to experience and determined by the ability of the appointee.

Please apply in writing only, stating current salary, to:

Miss Jody Fenton, James Capel Quantitative Techniques, Capital House, Festival Square, Edinburgh, EH3 9SU.

James Capel

INTERNATIONAL SECURITIES HOUSE

member HSBC *group*

BOND SALES

- Yen Specialists

Sumitomo Finance International plc is the London-based capital markets subsidiary of the Sumitomo Bank Group, one of the world's leading banking organisations, with assets of $500bn. As part of our expansion strategy, we are looking for able and motivated professionals to join our growing Yen sales and trading business. Successful candidates are likely to have at least two to three years experience of the Yen market, with a good track record of selling to major institutions.

Please reply in confidence to Mrs Cheryl Mead, Sumitomo Finance International plc, Temple Court, 11 Queen Victoria Street, London EC4N 4UQ.

Sumitomo Finance International plc

Financial Markets and Products

We are market leaders in providing specialised training and management development for banks and financial institutions worldwide. Our unparalleled reputation for quality and innovation has led to increased demand, and we are now seeking an additional Training Professional to join our London-based team.

Candidates should have a sound knowledge and practical experience of two or more of the following areas: capital markets, treasury products, derivatives, corporate finance, or ALM. Excellent presentation skills, and the ability to express concepts clearly, both verbally and in writing, are essential. Computer literacy, and a confident personality combining creativity and initiative, are also necessary. The willingness and ability to travel frequently is vital. Teaching experience and knowledge of a foreign language would be advantageous. Salary will be negotiated according to ability and experience.

Write, in strictest confidence, with full personal, career and salary details to:

Box B2293, Financial Times, One Southwark Bridge, London SE1 9HL

Assistant Fund Manager

Fixed Interest

The growth of funds in this £2 1/2 billion fund management operation has created an attractive opportunity for a young fixed interest investment professional to become assistant to the head of fixed interest. In this role you will be responsible for managing the fixed interest content of several insurance, pension and charitable funds invested in a wide range of instruments in the UK and international markets. You will also play a significant part in the formulation of fixed interest policy and the client reporting process.

Probably a graduate in your mid twenties, you will ideally have gained 2-4 years' broadly-based fixed interest experience. Alternatively, you could be a UK specialist seeking a more internationally diversified role. You must be numerate, performance-orientated and team-minded.

The position offers a competitive salary and benefits package and the opportunity to develop your career in an expanding, well-focused, friendly environment. To apply, please write in confidence to:

IMR

IMR Recruitment Consultants, No.1 Northumberland Avenue, Trafalgar Square, London WC2N 5BW. (tel:.071 872 5447).

INVESTMENT MANAGEMENT RESOURCES

ASSISTANT FUND MANAGER, GILTS AND FIXED INTEREST

Competitive salary plus financial sector benefits

Sun Life Investment Management Services has a successful track record in the competitive investment market and is keen to appoint a motivated and experienced individual to join its established team.

Reporting to the Head of Fixed Interest, you will primarily assist with the day-to-day management of the funds with opportunities at an early stage to participate in formulation of the Group's investment policy.

Successful applicants will require the following attributes:

- educated to degree level
- 3 years, gilt and/or fixed interest market experience
- first class analytical and computer expertise including spreadsheet applications
- excellent communication and inter personal skills

Interested applicants should send their CV (quoting current renumeration) to:

Harriet Calling, Sun Life Assurance Society, 107 Cheapside, London EC2V 6DU.

SUN LIFE INVESTMENT MANAGEMENT SERVICES

Sun Life offers equal opportunities in employment and welcomes applications from suitably qualified people regardless of sex, marital status, ethic origin or disability.

INSTITUTIONAL EQUITY SALES ASSISTANT

Bright, highly motivated, NYSE registered Sales Assistant required for London based US stockbrokers. Candidate will work with an experienced US broker, marketing US equities to UK and Continental Europe Institutions. Suitable candidates must possess excellent telephone skills; french fluency, helpful; Word Perfect and Spreadsheet proficiency. Position involves minimal administrative duties. Attractive compensation package.

Please send or fax your cv to Miss B A Mason, Box B2290, Financial Times, One Southwark Bridge, London SE1 9HL, Fax Number: 071-283 9417

HAVE FINANCIAL AD SALES EXPERIENCE? WILL TRAVEL?

We are a small, dynamic, fast-growing company which publishes an international monthly magazine read by corporate officers and their advisers. We are currently undergoing expansion and are looking for an enthusiastic self-starter to join the sales team.

Do you speak at least one other European language well? Do you have more energy and ability than you know what to do with?

Then write with your cv to: Box B2297, Financial Times, One Southwark Bridge, London SE1 9HL

ANALYST

Prestigious Investment Firm
has an outstanding position for an experienced analyst to help manage a risk arbitrage/distressed portfolio. Good benefits. Curriculum Vitae to:

Box 2291, Financial Times, One Southwark Bridge, London SE1 9HL

EXECUTIVE APPOINTMENTS TO £150,000

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For over 14 years the largest network of career centres in the UK has specialised in identifying unadvertised vacancies for top executives. Ring now for a confidential meeting without cost:

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APPOINTMENTS WANTED

EUROPEAN EDITOR

Investment Research

Senior analyst with wide experience of UK and Continental equities and markets and with first-class editing, writing and language skills seeks London-based post as

MANAGING EDITOR

of a European research product. He has been performing a similar job for some time for a major European institution with notable success, setting up and running the translating and editing teams and creating a product of acknowledged excellence, but he now wishes to return to London for family reasons. Languages: English (mother tongue), German, Italian, French, Spanish.

Write to Box B2296, Financial Times, One Southwark Bridge, London SE1 9HL

TAX SOLICITOR

Solicitor with extensive east European expertise (including tax, JV's, privatisations, securities) seeks London-based position.

Write to Box B2295, Financial Times, One Southwark Bridge, London SE1 9HL

INFORMATION TECHNOLOGY & COMMUNICATIONS EXECUTIVE

Successful track record of managing information technology and communications activities for multinational organisations, with considerable practical experience in Europe, Asia, North and South America.

Swiss resident national of Great Britain and Switzerland, bilingual in English and French with knowledge of German.

Seeking challenging assignment in Europe, Asia or USA.

Tel: (Switzerland ++41) 21 943 28 53
Fax: (Switzerland ++41) 21 943 42 86

Collective Investment Scheme Regulator/Compliance Officer

The Russian investment fund industry is vibrant, important and scarcely regulated. The authorities have been working, with the assistance of UK experts, to introduce appropriate regulations and set up enforcement systems.

The UK Know How Fund has agreed to provide the services of an experienced fund regulator or compliance officer to work with the newly formed investment fund regulation unit.

Important requirements are experience, either as regulator or as regulated fund manager, of making rules, commenting on rules, enforcing rules or ensuring compliance with rules; good judgement on priorities in regulation and good knowledge of potential abuses and weak spots in regulatory systems; ability to communicate and provide on the job training; experience of fund management in more than one jurisdiction and preferably experience of off-shore and/or emerging markets; and willingness to devote significant time to Russia, probably up to six months resident in Moscow.

Familiarity with the development of the economies of the former Soviet block since 1990 and knowledge of the Russian language would be an advantage.

Back up and liaison will be available from a firm of British consultants, who frequently visit Moscow, advising the Russians in this field.

Closing date for receipt of completed applications is 25 March 1994.

For further details and application form, please write to Appointments Officer, Ref No AH369/PF/FT , Abercrombie House, Eaglesham Road, East Kilbride, Glasgow G75 8EA, or telephone 0355 843633. Fax 0355 844099.

ODA is committed to a policy of equal opportunities and applications for this post are sought from both men and women.

ODA OVERSEAS DEVELOPMENT ADMINISTRATION

BRITAIN HELPING NATIONS TO HELP THEMSELVES

DMS

MANAGEMENT CONSULTING

Our client is a leading Swiss insurance group with worldwide activities and a qualified Management Information System of strategic significance. To strengthen the Development and Implementation Team at the Zurich Head Office, we are looking for a

QUALIFIED ACTUARY

whose principal functions will include the definition and preparation of MIS-relevant data and information obtained from German-speaking countries, for the attention of Group Management, whereby you will act as an important coordination hub for the Foreign Branches and Head Office.

The successful candidate will combine commitment and specialist competence with several years of experience in the Non-Life insurance business and know-how with regard to the evolution of a Management Information System. Such highly internationally-oriented activities require a well-developed understanding of the strategic settings, German- and English-language negotiating skills, as well as willingness to travel.

Call Mrs. M. Meyer for further details, or send us your complete resume and pertinent supporting documents. Full confidentiality is guaranteed.

DMS DR. MAX SCHNOPP & PARTNER ZÜRICH AG
ETZELSTRASSE 23, 8038 ZÜRICH, TEL. 0041 1 482 23 73, FAX 0041 1 481 90 06
SWITZERLAND

CORPORATE BANKING OFFICER

Public Sector/Project Finance

Westminster – London

Our client, part of a large AAA/Aaa European financial institution, is established as a long term high quality lender in the UK. It wishes to expand its operations in the areas of education, health, environmental development and infrastructure projects.

There is a requirement for a commercial banker, preferably with project finance experience, to research/analyse the potential of new markets for the bank, put forward lending strategies and implement them. He/she will have demonstrated the ability to lend intelligently and with sound judgement in complex situations and to seek out propositions of quality.

Candidates must have first-rate banking training, about 5 years' directly relevant UK experience, a good grasp of French and the preferred age is 28 to 33. The salary is in the range of £30,000 to £33,000 plus benefits.

**Kidsons Impey
Search & Selection Limited
29 Pall Mall, London SW1Y 5LP
Telephone: 071-321 0336
Fax: 071-976 1116**

UK, France, Germany, Italy, Austria, Hungary, Poland, Belgium, Switzerland, Czech Republic and Slovakia

Please forward a full CV quoting reference number 728 to Terry Fuller, Director.

PAN-EUROPEAN SALESMAN – EQUITY SALES DESK

Zurich

The Société Générale group has a network of equity dealing businesses in Europe's main financial centres integrated under the name Société Générale Equities & Derivatives (SGED).

As part of its ongoing development plans, SGED is now seeking to recruit a pan-European salesman, based in Zurich, with analytical experience and knowledge of at least two European languages, including English, to serve investment clients resident in Switzerland, on European equities.

The role will be supported by daily contact with SGED's analytical teams throughout Europe and will aim to provide the highest quality service and advice on European equity investment to existing clients. SGED's central research database provides on-line, continuously updated material.

The position offers the successful candidate considerable potential for further promotion within the Société Générale group.

If you would like to join our exciting and highly motivated team of professionals, please contact, in confidence: Hugh Hughes, Chief Executive, Société Générale Equities International, Exchange House, Primrose Street, Broadgate, London EC2 (telephone: 071-638 9000).

SOCIETE GENERALE EQUITIES & DERIVATIVES

Société Générale is a member of the Securities and Futures Authority, the London Stock Exchange and International Securities Market Association

Head of Documentation

Foreign Exchange and Money Markets

London **£Excellent**

Our client, a major British bank, is a leading player in the global financial markets. Sustained growth, coupled with a new business strategy, has led to the establishment of a dedicated Foreign Exchange and Money Markets documentation team.

This is a new position where responsibilities will include:

- managing and running the documentation team on a day to day basis
- liaising with sales and trading staff and with the Legal and Credit Divisions as necessary
- negotiating with counterparties and finalising documentation to support global trading activities
- establishing an efficient administration system.

The successful applicant will have extensive experience in the operations and trading area of money markets with a sound knowledge of all standard form FX/MM documents. A self starter, you should have the capability to set up and lead a new team consisting of documentation specialists from differing professional backgrounds.

This important and challenging role provides a rare opportunity to work with a market leader. For the right candidate an attractive package, based on a generous salary, will be awarded.

For further information please contact **Tim Smith on 071 831 2000** or write to him, enclosing a detailed Curriculum Vitae, at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax 071 405 9649.**

All applications will be treated in the strictest confidence.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

Syndication Manager

London **£Attractive Package**

Our Client is a wholly owned subsidiary of one of the world's major banks. It is a leading player in the highly demanding arena of the International Capital Markets, arranging and participating in both public offerings and private placements.

The responsibilities include:

- Formation of syndicates
- Broaden and develop the client base
- Work with the origination team to search for and win mandates
- Maintain relationships with other securities houses participating in the International Capital Markets
- Ensure, as lead manager, all necessary documentation is agreed

It is essential that candidates possess:

- An in-depth knowledge of the international debt markets
- A track record of executing complex transactions for sovereign and corporate issuers
- A highly developed ability to negotiate
- An enthusiastic, yet mature approach to business
- Sound people management skills

A competitive salary and package will be awarded to the successful applicant, reflecting the experience and capabilities required for this challenging role. Interested candidates should contact Tim Smith on 071 831 2000 or write to him enclosing a full curriculum vitae, at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax 071 405 9649.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

Trading and Sales

International Capital Markets

London **£Excellent Package**

Our Client is one of the world's largest financial institutions. It is a leader in the underwriting, trading and distribution of capital markets products, and provides investment banking and advisory services to an international client base. Continued expansion and a new strategic approach has created exceptional opportunities for two highly motivated professionals.

New Issues Trader

The successful candidate will trade in a range of New Issues, including equity linked, and should possess a strong track record with at least three years' relevant experience. You will be part of a highly successful trading team covering all major bond markets. Potential applicants are likely to be currently trading in the secondary market across a wide range of currencies and New Issues. They will be highly motivated self starters and have the ability to integrate with dedicated teams involved in the origination, sales and distribution of bond issues. Ref 175879.

New Issues Sales

A key element of this position will involve the sales and distribution of fixed income and equity linked products to international Institutional Investors with emphasis on Europe and Asia. Candidates will have a proven track record in Institutional bond sales and ideally have experience of public offerings and private placements. As part of a highly successful sales team covering all major bond markets, you should have the ability to implement strategies to develop the customer base and facilitate long term business growth. A second language would be advantageous. Ref 175880.

These positions represent excellent opportunities to join a highly profitable institution committed to growth and development. Remuneration, based on a generous salary, is highly competitive. Interested candidates should contact Tim Smith or Gavin Starling, quoting the relevant reference, on 071 831 2000. Alternatively send or fax a full curriculum vitae to them at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Fax 071 405 9649.

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Sydney

FOOD SECTOR SPECIALIST
FINANCIAL SERVICES - IRELAND

Our client is one of the top established names operating in the Financial Services industry in Ireland. The company requires an Analyst to look after the interests of corporate clients operating in the food and agriculture sector in Ireland.

Applicants must have a full knowledge of the sector and an understanding of the implications of changes in the industry in the European Union and futher afield. They must also demonstrate a proven track record of good communication, analytical, written research and oral presentation skills, together with a well developed financial and corporate awareness.

Applicants should have a degree and / or MBS with relevant experience, be self motivated, energetic, and capable of meeting deadlines under pressure.

Rewards will be generous for the right candidate, reflecting the importance of the position.

Applicants should contact David Wilkes or forward a C.V. to: Careers Register Ltd., 9 Anglesea Street, Dublin 2, Ireland. Tel: 353-1-679 8900. Fax: 353-1-679 1970. All replies will be treated in the STRICTEST OF CONFIDENCE and identities will not be disclosed to our client without prior permission

careers register

ASSOCIATE: PMC INT · VIENNA · BERLIN · BRATISLAVA · BUDAPEST · DUBLIN · LONDON · MOSCOW · PRAGUE · SOFIA · WARSAW

Compliance Officers

London **Excellent packages**

Our client is one of the foremost Securities Houses dealing in global securities, commodities and derivatives markets and is a leader in cross border corporate finance work.

Continued growth has created the need for additional compliance support, with positions focusing on firmwide compliance, policies and procedures, fixed income sales and trading and commodities trading. Successful candidates will have excellent skills and be familiar with a wide range of rules including those of the SFA, Bank of England, Take Over Panel, LME and the Stock Exchange.

Relevant industry experience is essential together with a degree and, ideally, a legal or accounting qualification.

Suitably qualified candidates seeking a challenging career, excellent remuneration and prospects should write, enclosing a full CV in strict confidence, to: Geoff Selby (Ref. GR/115), Roose and Partners Advertising Limited, 100 Gray's Inn Road, London WC1X 8AU.

ROOSE & PARTNERS

Head of Operations

Investment Banking - Back Office

Middle East **c£45k tax free + attractive benefits**

Our client is one of the largest banks in the Middle East with global financial interests. They are seeking an experienced Head of Operations for their Investment Division to play a pivotal role in the Bank's strategic development plan.

The Bank has undergone considerable internal change with the introduction of new products and services tailored to meet the increasingly sophisticated financial needs of its customers. This has resulted in enhanced efficiency and a new state-of-the-art automation system.

As Head of Operations your objectives tie in neatly with this, with responsibility for effectively managing the efficiency and quality of back office functions of the Investment Department, covering discretionary and non-discretionary brokerage, mutual funds and Islamic products. You will also be instrumental in reducing risk, as well as improving productivity through more effective use of resources, processing methodology and work flow.

A capable man-manager, leading by example, you will be actively involved in training, developing and motivating your team. You will also contribute to the provision of effective communication with senior management across a broad range of disciplines.

A tactful and diplomatic approach is necessary to resolve operational issues. This will require a strong background in retail banking, with previous experience of Investment Operations and the implementation of a computerised system.

In addition to an attractive salary you can expect a range of expatriate benefits that include fully paid housing, annual air tickets, medical cover and married/single status.

Please write in confidence with full career and salary details to Tim Knight, Ref: 1363/1, MSL International Limited, 32 Aybrook Street, London W1M 3JL.

MSL International
CONSULTANTS IN SEARCH AND SELECTION

HEAD OF RESEARCH AND SENIOR ANALYSTS

An opportunity to work in Thailand in a leading finance and securities company, KRUNGTHAI THANAKIT CO. LTD (KTT), a wholly-owned subsidiary of state-owned KRUNGTHAIBANK. Due to rapid expansion of its local and international business, KTT wishes to appoint a high calibre senior executive and senior analysts to help develop and expand its existing Thai research operations.

Head of Research Position

The successful candidate should have:

- At least 4-5 years equity research experience
- Excellent grounding in fundamental research
- Proven strong management skills and ability to lead and train a team
- South East Asian experience preferred but no a requisite

Senior Analysts Positions

The successful candidates should have:

- At least 2-3 years equities research experience
- Proven analytical capability
- Aggressive attitude and an innovative approach to equities research
- South East Asian experience preferred but not a requisite

All applicants please send in Curriculum Vitae, indication of current and expected salary and examples of published research to: KTT Co, Ltd., PO Box B2294, Financial Times, No One Southwark Bridge, London SE1 9HL.

Applicants whom have not received a reply within one month should consider their applications unsuccessful.

FUTURES AND OPTIONS SALES

- Senior Brokerage role for an experienced individual with in-depth Financial Futures & Options experience.
- The ideal candidate will have a minimum of four years experience of Exchange Traded Futures & Options Sales covering the European and US Exchanges. The position will have responsibility for Institutional Clients based in the UK, US and some North European countries, developing the business and providing an accurate execution service within a volume environment, while supplying professional fundamental strategy plays and solutions.
- To work in London for the established and expanding International Futures & Options arm of a leading Bank with a network covering the major exchanges.
- The candidate should be well educated while fluency in a European language would help.
- The salary for this position will be fully competitive with market rates and reflect your

Interested individuals with the relevant skills should contact:

Oliver Wells or Barry Harte on 071-936 2857, Fax: 071-583 6531 or write enclosing a full CV to: Michelangelo Associates, International Search and Selection, 36 Whitefriars Street, London EC4Y 8BH.

Michelangelo

FUND MANAGEMENT

European Equities

A new position has been created in order to augment the team which reflects the growing importance of the European Markets. The candidate will have the opportunity to share responsibility for the management of the European Equity portfolios of Legal & General totalling over £800m.

You will manage dedicated funds, be responsible for selecting stocks within specified countries and participate in asset allocation.

You must have at least three to five years experience of the relevant markets and be dedicated to good sustainable performance. You are likely to be a graduate and a member of I.I.M.R., and this will probably be your second major career move since becoming involved in Investment Management.

Index Fund Manager
UK Equities

Continued success in winning new clients has resulted in the need to increase the size of the fund management team responsible for Legal & General's substantial index funds business. We are looking for a person to assist in the management of the UK equity index funds totalling £10 billion.

You must be a graduate and have at least three years experience of managing index funds including negotiating terms for programme trades. Experience of making presentations to existing and potential clients will also be required.

The position is flexible and the level of responsibility will reflect the experience and capability of the successful candidate.

These positions offer competitive remuneration packages commensurate with experience.

Please send your C.V. together with your current remuneration details to:
Marianne Macdonald
Senior Personnel Officer
Legal & General Investment Management
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

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Legal & General
Investment Management

Legal & General is an equal opportunities employer

SOUTH EAST ASIAN EQUITIES AND DERIVATIVES

An American Securities House with an excellent reputation for Trading and Primary Issue Business within both the established and emerging markets is looking to develop coverage of the South East Asian Equity Markets. This is an opportunity for self-motivated, enterprising professionals to develop their business within a competitive and stimulating environment.

The main requirement is for individuals or teams involved in the following areas:-

* South East Asian Equity Sales to UK and European Institutions.
* South East Asian Convertible Sales.
* South East Asian Convertible Trading.

In order to qualify for these positions candidates should be highly experienced with a proven track record within their field and the ability to manage and advance business. The successful applicants will benefit from the support of a professional, established Equity Operation and will be offered an extremely rewarding remuneration package.

Interested individuals with the relevant skills should contact:
Nick Hudson or Miranda Scott on 071-936 2857, Fax: 071-583 6531
at Michelangelo Associates, International Search and Selection,
36 Whitefriars Street, London EC4Y 8BH.

Michelangelo

CJA
RECRUITMENT CONSULTANTS GROUP
2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax: 071-256 8501

New position with scope for rapid career progression

INVESTMENT BANKING - INDIAN SUBCONTINENT

CJA

CITY OF LONDON — **VERY COMPETITIVE PACKAGE**

MAJOR INTERNATIONAL SECURITIES HOUSE

Our client is building a team to cover the Indian Subcontinent from London. We invite applications from candidates, likely to be aged 27-35, with 2-3 years' experience in Capital Markets transactions and deal structuring. The successful applicant will develop relationships with corporate and public borrowers for bond issues, equity and equity-linked products and privatisations and will be responsible for making proposals and presentations to clients, as well as securing mandates for primary issues. We seek a confident communicator and marketer in tune with the culture and with business contacts in the geographical area and with the ability to advise and explain Capital Markets products. A very competitive package + benefits is negotiable and priority will be given to candidates with UK residency. **Applications in strict confidence under reference IBIS4952/FT to the Managing Director, CJA.**

GLOBAL FIXED INCOME

Exceptional opportunity within fund management

Our client is a major internationally known US name whose London based asset management team has an excellent record in managing fixed income funds for institutional clients and mutual funds. With sophisticated techniques and supported by the resources of a major financial services organisation they are poised for substantial growth in funds under management and seek two additional fund managers.

Candidates should be graduates, in their mid 20s to 30s, with a demonstrable track record in the global fixed income markets. Experience could have been gained within research, proprietary trading or fund management but essential criteria include strong analytical skills, strategic thinking ability and team orientation.

It is likely that these roles will appeal to highly motivated individuals who seek the opportunity to make a notable contribution in a professional team. Base salaries and bonuses will be highly competitive and the scope will be considerable in this fast growing dynamic business.

For an initial discussion in confidence please contact us quoting reference 4795 at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307 or Fax 071-489 1130.

STEPHENS
S E L E C T I O N

A STEPHENS GROUP CONSULTANCY
London Edinburgh New York Hong Kong

APT TRADER
- JGBs

Sumitomo Finance International plc is the London-based capital markets subsidiary of the Sumitomo Bank Group, one of the world's leading banking organisations, with assets of $500bn. As part of the expansion of our Yen sales and trading business, we are looking for an APT trader. The successful candidate is likely to have at least two or three years experience of the APT market, and will be fluent in both English and Japanese.

Please reply in confidence to Mrs Cheryl Mead, Sumitomo Finance International plc, Temple Court, 11 Queen Victoria Street, London EC4N 4UQ.

Sumitomo Finance International plc

THE COMMON FUND FOR COMMODITIES

an international financial institution engaged in the financing of commodity development projects on a worldwide basis, seeks:

1) TREASURY OFFICER (P-4)

Functions: Under the direct supervision of the Chief Finance Officer, the incumbent of the post will:

- Collect and analyse financial data, in particular those related to currencies and interest rate movements;
- Prepare full analysis of the financial situation of banks with whom the Fund is dealing;
- Be responsible for cash management and cashier functions by controlling the various bank accounts of the Fund;
- Process payment following their approval by the Chief Finance Officer;
- Prepare cash flow projections;
- Analyse investment proposals and make recommendations to the Chief Finance Officer on suitable investments;
- Invest the Fund's recourses when appropriate;
- Organise and supervise the activities of the Treasury Section;
- Co-ordinate the collection and follow up of subscriptions/contributions from Member States.

Essential qualifications/experience: Advanced university degree in finance, banking, or equivalent professional qualifications. At least five years of professional experience in investment and cash management. Excellent English, both spoken and written.

Remuneration: (tax free): US$ 45,271 p.a. plus US$ 14,305 (variable post adjustment) - dependent rate
US$ 42,103 p.a. plus US$ 13,304 (variable post adjustment) - single rate

Deadline for applications:21 March 1994

2) ASSISTANT PROJECT OFFICER (P-3)

Functions: Reporting directly to the Chief Operations Officer, the incumbent of the post will be responsible for project works, including project monitoring, supervision and analysis. Specifically, he/she will be responsible for the review and evaluation of procurement, disbursements and accounts/audit procedures under projects, prepare regular project monitoring reports, organise project supervision and evaluation missions. Additionally, he/she will be required to undertake technical, economic and financial analysis of projects and carry out any other related duties as may be required.

Essential qualifications/experience: Advanced degree in economics, agricultural economics or related fields; excellent English both spoken and written; at least 6 years of relevant professional experience, preferably with international organisations. Knowledge of French and/or Spanish is desirable.

Remuneration (tax free): US$ 38,014 p.a. plus US$ 12,012 (variable post adjustment) - dependent rate
US$ 35,520 p.a. plus US$ 11,224 (variable post adjustment) - single rate

Deadline for applications:31 March 1994

Other benefits of international civil service, including relocation, rental subsidy, family allowance, education grant and medical insurance contribution. Both positions are offered on the basis of a two-year fixed term contract with possibility of extension.

Applications in English accompanied by detailed curriculum vitae, including date of birth and nationality, should be received not later than the dates indicated above and should be addressed to:

The Managing Director - Common Fund for Commodities
P.O. Box 74656 - 1070 BR Amsterdam, The Netherlands

- Only candidates with Member States nationality will be considered.
- Only candidates shortlisted for interview will be contacted.

SENIOR FUND MANAGER

Our client is establishing a new fund management company to market its products to their large private client base nationwide and more generally in the UK investment market.

We wish to appoint the Fund Manager prior to the launch, to ensure that the necessary expertise is in place in time to contribute to the initial marketing thrust, and to integrate existing funds under management.

There is a long-term opportunity to build a team, successful products and a reputation whilst furthering the company's overall investment management abilities.

Candidates must be able to demonstrate an above average record of investment management, have fund management experience in large and small capitalisation companies, a general overview of foreign markets, personal research expertise, presentational skills in relation to marketing, and management ability. Ideal age is 32 to 47 and salary is open to discussion. Location is North West England.

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ACCOUNTANCY COLUMN

Hope of audit assurance seems a Holy Grail

Andrew Jack assesses the implications of a damning report on the current state of regulation

A potent draft document circulating across Whitehall desks in the last few weeks is causing some cheeks to redden with embarrassment among those responsible for audit regulation in the UK.

The confidential report, commissioned late last year by the Department of Trade and Industry from Mr Peter Moizer, professor of accounting at Leeds University, and submitted last month, makes some significant recommendations for change to the current regime. If they were all approved by ministers and implemented, the result would be a radical reshaping of the way in which firms are inspected.

The purpose of the report was to assess the effectiveness of audit monitoring after the first two full years of operation of the structure established by the 1989 Companies Act.

Moizer interviewed practitioners and regulators, and examined the first two annual reports issued by the five recognised supervisory bodies: the three chartered accountancy institutes, the Chartered Association of Certified Accountants, and the Association of Authorised Public Accountants (which sub-contracts monitoring of its members to the certifieds).

The conclusions will not be welcomed by all those mentioned in the report, and in particular by the three chartered institutes, which control the Joint Monitoring Unit (JMU). They were upset by its draft findings and are opposed to their being made public in this format.

However, the DTI said this week that it was committed to publication and to generating comment, although it has not yet decided when or in exactly what form. The result is, in any case, likely to a promote a strong response.

Overall, Moizer comes down in favour of the idea of the current system of audit regulation. He says the units are working well, that self-regulation is being operated conscientiously within its narrowly-defined role and that the costs are worth paying for the improvements in audit procedures and practices that will result. He says that accepting the value of monitoring is "an act of belief", but one to which he has been converted.

Yet there are many stings in his findings. Moizer argues that the existance of two different monitoring units effectively organised as commercial rivals makes no sense as an attempt to improve professional standards. They should ideally be merged, or at the very least be co-ordinated through a joint committee to agree best practice and encourage the transfer of information.

Contrasting the different approaches, he broadly favours that taken by the certifieds. He argues that their inspections trigger less fear among firms, cost less and take less time. He is not convinced that the lengthier periods spent by the JMU, particularly in examining the larger firms, are worthwhile. He also wants the pace of inspections accelerated, to cover all firms within five years.

These suggestions may not prove entirely practicable, given the structure of auditing firms – there are far more monitored by the JMU than the certifieds – and how this may change as a result of the government's decision to exempt many companies from the requirement for an annual audit. This will affect the number of the firms, their methodologies and the funding of regulation.

To be fair, some of Moizer's thoughts have already been discussed internally at the JMU and by its masters, the chartered bodies. They have been considering increasing the frequency of visits to firms, for example. So change of some sort now looks inevitable.

More interesting is the question of whether his suggestion that there should be greater public scrutiny will be implemented. He says it is, on balance, right that the reports of inspections of individual audit firms are kept confidential, primarily to encourage the authors and firms to be more candid.

But he says the existing annual reports produced by the regulators are of only limited use. He calls for the creation of an independent audit monitoring review body, with perhaps three members unconnected with practice, which would examine the process and produce a report each year, rather like the US Public Oversight Board. It could also act as a focus for complaints against professional bodies.

Those familiar with Moizer's work should not be surprised that his conclusions go against the status quo. *His* philosophy was clear from a report written with two academic colleagues published by the Research Board of the Institute of Chartered Accountants in England and Wales in 1992 on the "audit expectations gap" – the difference between what the public expects of auditors and what they actually deliver.

Rather than taking the profession's line – that the solution is education to combat public ignorance – the three suggested a more direct response to meet these expectations: that auditors' responsibilities should be extended beyond existing shareholders, that they be required to detect material fraud, and there should be an independent regulatory agency to oversee the fees and practices of the firms.

The DTI said at the time Moizer's appointment was announced last December that it was aware of his views, which raises the question of its own attitudes on the future of the self-regulation of auditing.

Some murmur that Moizer's findings in his DTI report suffer the the same flaws as in the research document: the conclusions are not always supported by the evidence presented as much as his personal beliefs.

However, two of his most fundamental findings deserve serious discussion. First, Moizer highlights the circular logic implicit in monitoring the larger accountancy firms. Since the benchmarks used by the regulators to assess audit procedures are based on the approach taken by the large firms, these firms are hardly likely to be found lacking.

This suggests that the "clean bill of health" the JMU has awarded recently to large firms entangled in high-profile corporate collapses may offer scant reassurance: for Coopers & Lybrand on Maxwell, Price Waterhouse on BCCI, and Ernst & Young for a series of audits criticised by DTI inspectors. These audits include Sound Diffusion, Milbury, Rotaprint and Edencorp Leisure.

The real question is not just whether there are flaws in the firms' procedures designed to identify issues of concern in the audits, but whether their judgments in interpreting the findings thrown up by these procedures are impaired.

However, as Moizer puts it in a second vital conclusion, the audit monitoring process does not assess the judgments taken by staff and partners. It concentrates instead on examining documentation and procedures. It does not challenge the decisions made.

This means it is a poor safeguard against the pressures on the independence of the auditor, notably the commercial threat of the company's directors threatening to switch to a rival firm.

The likelihood of an external inspector being able to assess judgment meaningfully is minimal. Any such hope is probably a Holy Grail. Admissions that might suggest such weaknesses are unlikely to be committed to paper, and only at the extreme likely to emerge under intense cross-examination in court.

Audit regulation, at least for smaller firms, seems to be providing a useful service. Overall, it may be working well on its own terms, but those terms are so narrow that they should be served with a health warning. They provide little reassurance to the users of most public company accounts.

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Our client is a £30 million turnover manufacturing subsidiary of an acquisitive, well respected international group of companies. Attention to product quality, an innovative approach and customer responsiveness has earned the company a high reputation in the marketplace.

The company seeks to strengthen its management team with the appointment of an experienced Finance Director. The successful candidate will be a key member of a small, highly professional management team and will play a critical role in managing the growth of the business. In addition to ensuring the financial integrity of the business and fulfilling statutory obligations, the Finance Director will become actively involved in strategic and commercial decision making.

Applicants will be qualified accountants who can demonstrate substantial financial management and information systems development experience in a sophisticated manufacturing business, preferably within a group environment. The ability to take a broad commercial view whilst paying attention to detail is a prerequisite. A hands on approach, personal strength and superior communication skills are essential requirements. Candidates under the age of 35 are unlikely to possess the depth of experience required for this high profile position.

The company offers a comprehensive remuneration and benefits package together with outstanding opportunities for career advancement in a growth oriented sector.

If you meet the requirements of this challenging position, please send a comprehensive curriculum vitae to Peter Hornby, Executive Selection Division, Touche Ross Management Consultants, 11 Albion Street, Leeds LS1 5PJ. Telephone: 0532 444741.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

APPOINTMENTS WANTED

FINANCIAL/ COMMERCIAL DIRECTOR

Business Graduate/Chartered Accountant innovative, good management track record with broad commercial and financial experience including entertainment, media & technology in corporate (blue chip) and private sectors. Specialist knowledge in copyright, publishing, contracts and licensing. Assignments or permanent post considered (UK or Expatriate).

Write to Box B2277, Financial Times, One Southwark Bridge, London SE1 9HL

Director of Corporate Finance

Manchester

Pannell Kerr Forster is a major International firm of Chartered Accountants with 35 offices throughout the British Isles and currently our services are available in over 250 cities in 72 countries.

We are looking to employ an outstanding, commercially orientated corporate finance specialist with a considerable breadth of technical experience and high personal credibility to head our Corporate Finance Department. You will have experience of all areas of corporate work including mergers and acquisitions, disposals, MBO's, MBI's, deal structuring and 'Yellow Book' work. In addition you will possess a good knowledge of business in the Manchester area, enabling you to liaise effectively with the professional and business community.

Responsibility for the continued development of our corporate finance function will require you to demonstrate a proven track record in this particular area of activity. We anticipate that the successful applicant will progress to partnership within a short time scale.

An attractive remuneration package will reflect the importance of the position and the calibre of applicant we are seeking to attract.

Please reply in your own hand-writing enclosing your CV and quoting current remuneration details to:

Duncan Bailey, Managing Partner,
Pannell Kerr Forster,
Sovereign House,
Queen Street, Manchester M2 5HR

PKF worldwide

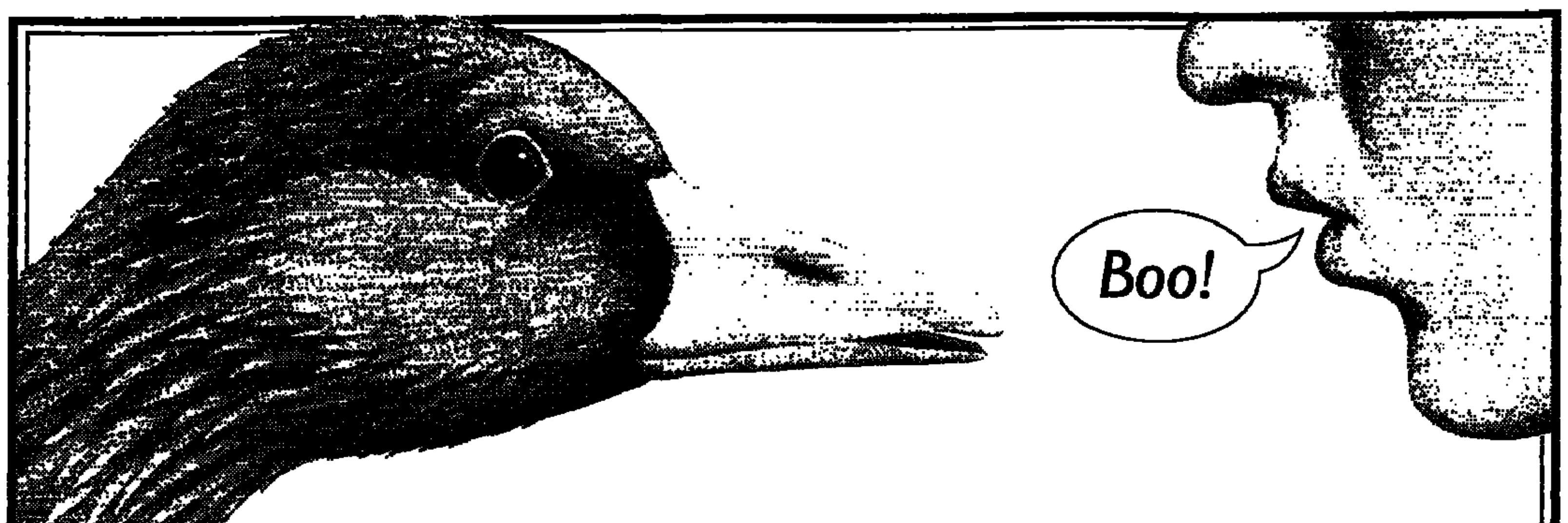
Pannell Kerr Forster Associates

MANAGEMENT CONSULTANTS

FT/LES ECHOS

The FT can help you reach additional business readers in France. Our link with the French business newspaper, Les Echos, gives you a unique recruitment advertising opportunity to capitalise on the FT's European readership and to further target the French business world. For information on rates and further details please telephone:

Philip Wrigley on 071 873 3351



INTERNATIONAL COMPUTER AUDITOR · ATTRACTIVE SALARY + CAR + BENEFITS

You can have all the qualifications and technical skills you like. But if you can't say boo to a goose, we'll be wasting each other's time.

At British-American Tobacco Company, a £4.5 billion business conducted through 47 operating companies worldwide, computer auditing helps us successfully integrate and develop the systems behind our complex operations.

Based at Woking in Surrey, one of our twin Head Office sites, you'll be one of three specialists within a 12-strong team, dedicated to enhancing business performance throughout the organisation.

This will involve spending up to a third of your time on overseas assignments, conducting computer audits at our operating companies and convincing local managers of the benefits that the effective use of technology brings.

Which is why you can't be timid. In fact, you'll need the interpersonal and communication skills to establish immediate credibility at senior management level, anywhere in the world - often with non-technical individuals for whom English is not their first language. Basic Spanish would be useful in this respect.

The essentials are a 2:1 degree (or better), first-time ACA passes with a major firm, at least three years' generalist experience prior to computer specialisation, a knowledge of training techniques and significant manufacturing experience - preferably applying MRP2 principles on either IBM AS400 or UNIX platforms.

Probably in your late twenties or early thirties, you should be ambitious for a move into a line finance position, possibly overseas, within 3 years. Given our policy of making senior appointments from within, the potential for career development depends entirely on your ability and commitment.

To apply, please write for an application form to Jane Howard, **British-American Tobacco Company Limited, Knowle Green, Staines, Middlesex TW18 1DY. Alternatively, call our 24-hour answerphone on (0784) 448277.**

BAT

Closing date for applications: Friday 8th April, 1994.

FINANCIAL ACCOUNTANT

FINANCIAL SECTOR PACKAGE **SOLIHULL**

3i is a leading investment capital company, with £2.6 billion of assets invested in c.3,500 companies throughout Europe. Investing an average of £1.2 million each working day, 3i plays an important role in facilitating the expansion of small to medium size businesses and encouraging wealth creation. It is intended to seek a Stock Exchange listing for 3i later this year.

To augment our technical strength we now seek a Financial Accountant who will offer expert advice on the application of GAAP, Bank of England reporting and other statutory and regulatory requirements. You will be able to deputise for the Group Financial Accountant, to whom you will report and whose additional responsibilities include the preparation of statutory and published accounts.

You should have a good degree and be a Chartered Accountant with at least eight years' post qualification experience in a leading practice or large public company. You will also have a demonstrable record of achievement. This high profile role demands considerable professional credibility and good written and spoken communication skills. Experience in a Financial Institution would be an advantage.

An attractive financial sector package together with relocation assistance is offered.

To express your interest in this position, please send your c.v. and a covering letter to Paula Bates, 3i plc, Trinity Park, Bickenhill, Birmingham B37 7ES. Tel: 021-782 3131.

3i

INVESTORS IN INDUSTRY

International Audit

c £55,000 + car

Graduate ACA

Age c 30

Our client, although quoted in London and headquartered in South East England, is predominantly an international trading and service group with a worldwide spread of interests.

Financial management even when strongly resourced and channelled through operating divisions is an exacting task and the Internal Audit Group is an essential and influential function.

To lead the audit team the client now wishes to recruit a chartered accountant of exceptional ability and outlook who can quickly gain an overview of the Group's operations and provide a very high standard of input to the Board whilst ensuring that the team is very well led, properly focussed on risks and exposures and continues to demonstrate its high quality investigative and reporting skills.

Applicants must be chartered accountants with a high grade 1st degree and a career record to senior manager level in a Big 6 firm which is out of the ordinary in terms of attainment and speed of promotion. The inter-personal skills and drive to advance to an exacting senior line financial role is a serious requirement. Fluency in a European language would be a valuable extra.

Please write, in confidence, demonstrating how our client's requirements are met to J. D. Vine, (Ref. FT/3) Vine Potterton Limited, Suite 26, Ludgate House, 107-111 Fleet Street, London EC4A 2AB.

VINE POTTERTON
RECRUITMENT ADVERTISING

Group Financial Controller

c.£50,000 Farnborough

The Defence Research Agency is an Agency of the Ministry of Defence. Our mission is to be the prime provider of technical advice to the MoD. We also provide advanced technical services to other Government departments and to private industry. Under the leadership of a Chief Executive recruited from industry, we are undertaking a dramatic programme of change to become a progressive, professional and efficient commercially-run organisation, whilst preserving our traditional scientific excellence, objectivity and international standing.

As part of this process, we are seeking a Group Financial Controller of exceptional calibre to oversee our ten Business Sectors with a combined turnover of £700 million. In this highly challenging strategic role, you will provide financial advice and information to executive management and ensure that strict financial discipline is maintained throughout the Business Sectors.

This will demand a recognised accountancy qualification allied to a minimum of ten years' post-qualification experience. The ability to manage change effectively is essential, alongside a determined but diplomatic approach, as you will be interacting closely with non-financial personnel.

Remuneration is negotiable and will include a performance-related bonus. This position is initially offered on a three year fixed-term basis, which may be extended to a maximum of five years.

Application forms can be obtained by ringing Mrs. Michaela Staniland on (0252) 394612 or by writing to her at: Senior Staff Personnel, Room 114, Q101 Building, Defence Research Agency, Farnborough, Hampshire GU14 6TD. Closing date for receipt of completed applications is 18th March 1994.

DRA

DEFENCE RESEARCH AGENCY

WE ARE AN EQUAL OPPORTUNITIES EMPLOYER

EUROPEAN AUDIT

As a result of promotions within the Group, this major US multinational, with revenues in excess of $20 billion, seeks its next generation of Financial Managers.

SURREY

£30-35,000 + Car

Based in Woking, the audit team is young, multi-cultural and highly professional. Team membership averages two years before promotion into an operational role.

Reporting to the Regional Audit Manager, you will undertake financial and operational reviews throughout the European region.

Requirements:

- a university degree followed by an accountancy/business qualification
- a minimum of three years audit experience
- fluency in English and at least one other European language
- ready to travel 75% (return to UK at weekends)

You will be dealing with top international management, influencing key strategic decisions during a time of exciting change in Europe.

If you have the initiative and drive to succeed in this highly motivating, competitive environment please write to:

Rod Bailey at **Nicholson International**, Search and Selection Consultants, Africa House, 64-78 Kingsway, London, WC2B 6AH, quoting reference number 1922. Alternatively, call for an initial discussion on **071 404 5501** or fax details on **071 404 8128.**

NICHOLSON INTERNATIONAL
UK

France Italy Holland Spain Germany Belgium Turkey Poland Czech Republic Hungary Romania Russia

THE SCOTTISH OFFICE

SCOTTISH HEALTH SERVICE MANAGEMENT EXECUTIVE

Director of Finance

Based in Edinburgh, the Director of Finance is a key member of the Management Executive and directly accountable to the Chief Executive, NHS in Scotland, for the financial control of health service expenditure amounting to £4 billion annually. You will be a member of the small top management team supporting the Chief Executive in the development and implementation of strategy for the NHS throughout Scotland.

You will be responsible for supporting the Chief Executive in strategic financial planning, negotiating funding with Ministers and discharging his responsibilities as Accounting Officer for the NHS. You will ensure the proper allocation of resources, the effectiveness of financial reporting systems and the regulation of the internal market. You will also provide professional leadership to the finance function throughout the NHS in Scotland.

You will be a qualified accountant with a least 5 years' experience at a senior level or have a proven track record of success as a senior Finance Director in either the public or private sector. This is a challenging post for which you will require communication skills at the highest level.

The appointment is for 4 years with the possibility of extension; secondment may also be considered. Salary up to £70k including performance bonus; more may be available for an exceptionally well qualified candidate. Relocation expenses within certain limits are also available.

For further information and an application form, please contact Linsey Boyd, The Scottish Office, Recruitment Unit, Room 110 (DF), 16 Waterloo Place, Edinburgh EH1 3DN, (Tel 031 244 3982). The closing date for receipt of applications is 25 March 1994.

An Equal Opportunity Employer

HOME AND HEALTH DEPARTMENT

LLOYD MANAGEMENT

Hi-tech

GROUP FINANCIAL CONTROLLER

London

c£45,000 + car

Our client is becoming a major force in its marketplace. Designing, manufacturing, marketing and selling a range of highly regarded high technology products, the £30 million turnover company is forecasting continuing expansion in its UK and international markets.

Reporting to and working closely with the Financial Director, the Controller will supervise a small team and be responsible for the group's centralised accounting function. He or she will prepare and analyse information and contribute to commercial decisions. There will be a close involvement with the operating subsidiaries and a necessary focus on the increasingly important and complex cost accounting, systems and management information areas. The role will require a demanding combination of 'hands-on' involvement and 'conceptual thinking' ability.

Likely to be around 30, applicants should be graduate qualified accountants. A background in manufacturing would be useful and commercial awareness, computer literacy and excellent communication skills are essential.

Please write, enclosing a career/salary history and daytime telephone number, to David Hogg FCA quoting reference H/97/F.

LLOYD MANAGEMENT Selection Consultants 125 High Holborn London WC1V 6QA 071-405 3499

FINANCIAL CONTROLLER

Global investment company based in Jeddah seeks Controller; Must have (1) MS/MBA in Accounting from a recognized US or European institution (2) minimum of 5 Years experience as Controller in a Financial institution (3) Implemented an automated, networked accounting system, proficiency in MS Windows based spreadsheets (4) Internal auditing experience. CA, CPA certification, business development skills and proficiency in Arabic a definite plus.

Responses to
P.O. Box B15058,
Jeddah 21444, Saudi Arabia

INTERNAL AUDITOR-EUROPE 5 to 10 years similar exp. in U.S. mfg. operations. Good investigative & interviewing techniques. Set up new audit dept. Fluent German/English. 150,000 DM base salary. C.V. to Recruiter, 15840 Ventura Blvd., #638, Encino, CA 91436 or Fax 818-981-6505.

OPERATIONS ACCOUNTANT

c£30K + BONUS + CAR

Pavilion is the UK's newest and most progressive motorway services operator, committed to delivering the highest standards of quality and service to the travelling public through an innovative and exciting programme of investing in facilities, systems and people.

We are now looking for commercially aware accounting professionals for the following role, based at our Head Office in Uxbridge.

Reporting to the Financial Director, you will be responsible for the provision, development and presentation of management information, managing the budgeting and forecasting process of the whole Company, full capital expenditure appraisal on behalf of the Board, and ad hoc reporting.

The ideal candidate will be a qualified accountant, with experience gained in the Catering/Retail or Leisure industry - and will possess good communication skills.

For further information, please contact our consultant Steve Torode at the F.T. Partnership on 071 283 5332. 48 Cornhill, London EC3V 3PD.